TRANSCRIPT

BURSA MALAYSIA 2008 FINANCIAL RESULTS BRIEFING

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(Read in conjunction with PowerPoint Presentation)

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Dato' Yusli: Thank you very much Geeta. Firstly, let me welcome all of you here for our 2008 Results Briefing. We have some international participants who are joining us by phone, so I have to thank them as well for joining us. Today's briefing is divided into three parts; I will begin the first session by giving you an overview of the performance for 2008 and then Nadzirah, our CFO will go through the financial numbers, and at the end I will share with you our growth strategies as well as how we see the market outlook for this year. And then we'll have a question and answer session after that. My presentation will be based on the slides that are going to be on the projector and these can be downloaded from our website and have also been sent via email to analysts as well as fund managers.

Firstly I will go through the highlights for last year. For the financial results we, had to contend with very major challenges in 2008, namely the weak investor sentiment which has traumatically affected the trading volumes in our market. Our benchmark index reduced by almost 40% during the year. Due to the poor trading activities, our revenues were down 35% compared to the previous year. Whereas, operating expenses were about RM185 million up about 8% mainly due to higher depreciation and amortisation charges which arose from the new technology investment that we've made during the year. For the fourth quarter the performance was quite a lot lower compared to '07. For the whole year we basically made RM104 million or profit after tax compared to RM240 million in the previous year. However, in line with our dividend policy and our past practice we are maintaining our commitment to shareholders with a final dividend declaration of 7.8 sen per share which makes the total dividend to be 24.3 sen per share.

In terms of the ratios that we track, our ROE is about 14% compared to 30% previous year. Again, this is a direct result of the lower revenues that we have seen in our profit loss account. Operating EBITDA Margin and Net Profit Margin also reduced by 33 and 36% respectively. However, looking at our Stable Revenue plus Derivatives Income as a proportion of total operating expenses; this ratio has been relatively stable at 79% compared to 80% the previous year.

The main drivers for our markets for securities market obviously is tied to trading values. Velocity numbers have come off quite a bit, the velocity for 2008 in our securities market was about 34%. Daily average trading value on market as well as DBT for 2008 was RM1.3 billion per day, ringgit per day compared to RM2.3 million the previous year. Our market capitalisation also has dropped by some 36% to about RM660 billion at the end of '08 compared to RM1.1 trillion at the end of '07. For the derivatives market, we can see that in terms of number of average, number of daily average contracts traded in the derivatives market, this number has been relatively stable coming to about 25,000 contracts a day which is fairly similar to what we achieved the previous year. Now I'll let Nadzirah take you through the details of the financial numbers.

Pn. Nadzirah: Thank you Dato' and good afternoon ladies and gentleman. As we've heard from Dato' Yusli's summary earlier, 2008 has indeed been quite a challenging year for the Bursa group. Net profit for the fourth quarter trended lower from the preceding third quarter profit mainly due to the higher depreciation and taxation expenses. Net profit after tax of RM13.5 million was recorded for the fourth quarter '08 and this represents a 73% reduction compared to the corresponding period in '07. Operating revenue for the fourth quarter '08 contracted by 34% on the back of lower daily average trading value of RM0.9 billion compared to RM1.9 billion per day in '07.

Operating expenses was slightly higher by 5% mainly due to higher depreciation expenses. With this, net profits for financial year ‘08 closed at RM104 million, 57% lower than the previous financial year.

Operating revenue for financial year ‘08 contracted by 35% driven primarily by the poor performance in the equities market which was affected by the cautious investors’ sentiment during the year. Revenue from equities market continued to be a major contributor to the group’s operating revenue at 47% but recorded a 54% decline to RM136.8 million mainly due to the lacklustre market performance. We recorded a daily average trading value of RM1.3 billion per day a drop of 46% compared to RM2.35 billion daily average recorded last financial year. The downward revision in clearing fees beginning 2008 also had an unfavourable impact on our revenue. The effective clearing fee was 2.35 basis points in ‘08 compared to 2.86 basis points in ‘07. Interest on derivatives market remained strong. The number of contracts traded as mentioned by Dato’ was 6.1 million, just slightly lower than the 6.2 million recorded in ‘07. We saw slightly lower number of FKLI contracts traded in ‘08 at 2.92 million contracts. However interest in FCPO contracts increased by 8% with 3 million contracts traded during the year. As a result, trading revenue from this market was fairly stable at RM43.6 million. Stable revenue recorded an increase of 10%. I will elaborate further on the stable revenue in the next slide. Under other operating revenues, the other lower numbers comprise mainly of perusal and processing fee and this number is lower is due to lesser corporate activities during the period.

The growth in stable revenue during the financial year was mainly attributable to higher listing fee and information services. Listing fees, fees from depository services as well as information services continued to be the major contributors to stable revenue. A 34% increase was recorded for listing fee in ‘08 due to the full implementation of the revised listing fee structure. During the year, we saw 23 new IPOs and 81 call warrants listed on Bursa Securities compared to 26 IPOs and 154 call warrants listings in financial year ‘07. However, total funds raised from IPOs and corporate actions in the equity market was substantially lower at RM5.9 billion compared to RM10.6 billion in the year before. Information services recorded an increase of 26% due to the new fee structure that we introduced in late ‘07, and greater information distribution during the year. The increases in listing fee and information services were partially offset by lower depository services, broker services as well as participants' fee. Depository services fees dropped by 10% due to reduction in corporate activities, fewer share transfer transactions and lower request of ROD. Broker services recorded similar drop due to the reduction in the number of network equipment at broker sites. The lower participants' fees were due to lower number of new EDs and NEDs registration during the year compared to the previous year.

With the market driving our revenue numbers down, we're more vigilant in controlling our operating expenses. The increase in expenses came mainly from higher depreciation and amortization charges following the upgrading of our IT infrastructure during the year as well as in '07. The Group remains committed to enhance the competitiveness and growth of the Malaysian equity and derivatives market. Continued business development activities were reflected in higher professional fees as well as market development cost as can be seen from the slide. Other costs were generally kept under control and overall operating expenses rose by 8%.

Our focus remained on maintaining Bursa's competitiveness and delivering value to our shareholders. The Group shareholders' fund as at 31st December stood at RM732 million while our financial resources remain strong at RM400 million. The Group allocated RM76 million for CAPEX in financial year '08 of which on RM34 million has been incurred and a further RM34 million has been committed for various projects which are currently in progress. We conducted a rigorous prioritisation exercise during the year but were firm in proceeding with capital expenditure, which would bring greater efficiency and accessibility to our markets. In 2008, a large portion of our capital expenditure was allocated for the completion of our Bursa Trade Securities System, enhancements of our bond trading platform and other infrastructure enhancements. A further RM85 million has been allocated for CAPEX in '09. A substantial portion of this budget would be spent on IT infrastructure enhancement to improve market access, new product launches, strengthening liquidity as well as other initiatives that we are going to carry out in '09. Dato' Yusli will elaborate further on these initiatives.

At Bursa, we remain focussed in delivering value to our shareholders. Despite the many challenges faced during the year, we're aiming once again to return 90% of our profits to shareholders. We've paid out an interim dividend of 16.5 sen per share and our Board of Directors have agreed to recommend for shareholders' approval a proposed final dividend of 7.8 sen for 2008 bringing the total pay out to 24.3 sen per share on gross basis. These will give shareholders a yield of 4.7% resulting in total shareholders returns since listing in 2005 to end of '08 of 143%. The entitlement date for the interim dividends will be on 17th April 2009 and the dividends will be paid on 4th of May 2009. I will now hand over the session back to Dato' Yusli for him to share with you Bursa's business initiatives and outlook for '09. Thank you.

Dato' Yusli: Very briefly, our focus for the next coming 3 years is to grow further our core areas namely equities and derivatives markets. We believe there is still substantial amount of work that needs to be done to improve our businesses in those areas. However at the same time we recognise that we do have a couple of niche areas that perhaps other markets don't, and these are under areas of commodities sector as well as the Islamic Capital Market. So we will also be concentrating on these two niches as we develop our core business further, with the ultimate objective of making Bursa Malaysia even a more attractive investment and listing destination for issuers and investors.

We are going to focus on these four areas as we look at our current business; firstly looking at improving accessibility, new products and services, looking at liquidity issues as well as internationalising our markets. These are initiatives which have already been launched and you will be familiar with a number of these. We got the new trading system obviously and DMA for derivatives, Islamic ETFs as well as REITs that have been launched in our market recently. Here are the ongoing or new initiatives that we're working on which fall under these four areas of focus. DMA Equity is planned to be launched over the next few months. We have announced previously that we will look at launching DMA equity around 6 months after we've launched the system. Thematic indices, again we have mentioned this in the past, where we're looking at plantation or oil palm based indices, both for Malaysia as well as for ASEAN region. Commodity Murahabah we've also touched on previously, this is a project that is ongoing and we hope to launch this towards the middle of the year. And on liquidity issues we're looking at improving further our stock borrowing and lending framework. We're trying to move to an OTC model which is a much more familiar for market players. And for internationalising our market further, we've also announced recently the plan to move the KLCI onto a FTSE methodology which is planned to take place in early July of this year.

Looking at these initiatives from the perspective of the Islamic Capital Market, the ones highlighted in green are where it will have relevance for the ICM business. And from the commodities' sector perspective, the ones in blue will be more relevant for commodities. Some you will notice will probably impact both. For example, the Commodity Murahabah house which is both Islamic and also commodities.

Not forgetting our regulatory role, which is very important to ensure there is a fair and orderly market in operation. Our focus has been on the areas of PLC, the Public Listed Companies, where we've continued to focus on issues of transparency and disclosure amongst the listed companies. For intermediaries, obviously their business conduct is of utmost importance to us, so we do continue to monitor their performance there and as for the market is concerned, we just want to make sure that there are sufficient measures in place to ensure that the market remains orderly. Our immediate focus is to make sure that Corporate Governance practices amongst our PLCs are enhanced further so that the quality of the PLCs becomes more attractive for our investors.

Just to share with you some of the awards that we've been very fortunate to receive in recognition of our efforts over the past one year i.e FOW, Futures and Options World Congress, so it's recognition for our efforts on the crude palm oil futures contract.

Moving on to the outlook that we see for the market for this year, basically we expect the environment to continue to be very challenging and this is because of the ongoing crisis and recession that we see happening globally. However, we do expect our Government's efforts at trying to stimulate our economy to help mitigate the adverse impact of the global recession on our domestic economy. For the derivatives market, again the focus would be on the two active contracts that we have, the Index Futures as well as the Crude Palm Oil Futures contract. We expect the interest in these two contracts to be maintained and possibly grow due to the continued volatility in securities as well as commodity prices. Also given the extra efforts being put in by both the Malaysian and Indonesian governments to spur the interest in consumption of CPO, we expect this to have a positive impact on Crude Palm Oil Futures Contract. And having launched DMA for derivatives earlier last year we expect DMA to contribute further volume to our derivatives business. So that brings us to the end of this brief presentation. Now I'll like to open the floor to questions. Thank you.

Geeta: Thank you Dato'. Thank you Pn, Nadzirah. We shall now open the floor for questions. We shall alternate three questions from the floor and three questions via our tele-conference participants. We understand that there are 21 participants who are listening to the briefing right now. Before you post the questions, we appreciate if you could introduce yourself and the organisation that you are representing. We now open the floor for questions please.

Questioner: Dato'**,** Nazirah from Bernama. Can you elaborate on the CAPEX breakdown for this year?

Dato' Yusli: For '08 or '09?

Questioner: '09.

Dato' Yusli: '09, we are planning a number of projects, nothing too significant on its own, unlike the previous Bursa trade. We are budgeting about, around RM80 million for this year but it's made up of probably 10 to 15 different projects. So the size of each project is relatively small but they're all to do with improving the infrastructure that we have within the business.

Geeta: Sorry, may I ask you to post your questions through the microphone because this would benefit our calling participants. The third question from the floor please?

Questioner: Dato'**,** can you please comment on the IPO prospect for this year?

Dato' Yusli: I think recently the SC has announced that they have approved more than 30 companies for IPO last year. We saw 23 new listings in 08. We're confident there'll be probably a similar number this year given the need for companies to raise capital. However we do appreciate that given the current market conditions, those companies which are not urgently seeking capital may defer their plans even though they've been given approval by SC. But I suppose internally, we're cautiously hopeful that similar number of IPOs will happen compared to last year.

Geeta: Can we take questions from, via the tele-conference?

Announcement: And now a brief instruction for all tele-conference participants. If you wish to ask questions, please press * 1 button on your telephone key pad to put yourself in the question queue. To cancel your question, please press * 2 button. This question is from Mr.Koh. Please proceed.

Questioner: Yes, hi. Thanks for the call. For questions, the first question is actually to do with the derivatives activity for the fourth quarter. Could you please give us a bit more colour on how it shaped up? It looks pretty, it looks like it dropped quarter on quarter but was up year on year. Could you give some colour whether it was more on the FKLI or the CPO future contracts that was providing the result in a quarterly drop? That will be the first question. Second question would be actually the CAPEX as well, I noticed that for the full year of '08 there was just about RM36 million so it's quite a big step up in '09. Could you help me understand why is there this step up and why is it not as smooth as I would expect? Thank you very much.

Dato' Yusli: For the derivatives breakdown between FKLI and FCPO, I think we'll have to get back to you. I don't have the data with me now. But you're right; we did see an increase compared to '07, fourth quarter. And for the CAPEX in '08, in '08 our efforts were mainly focused on the Bursa Trade project so we didn't really do much else within the company. So from the list of initiatives that I have presented earlier a lot of the CAPEX for 09 are towards those projects for example market making, the ASEAN trading link as well as things like, there's one relatively medium sized project I would say which is the derivatives' clearing system. And that's something that we're looking also to put in this year and that's close to about a quarter of what we're planning for this year - that derivatives' clearing system, that's for the CAPEX. But we'll get back to you on the derivatives' information.

Questioner: Appreciate that. Just wanted to understand that most of your derivatives initiatives, will you see that they are actually benefiting the CPO contracts more or the futures, the KL Futures Contract more?

Dato' Yusli: Well, we're looking at both. For example, moving the KLCI to FTSE methodology, which we have announced recently so that the new benchmark index is made up of the 30 large stocks. We expect this to be positive for our futures contract because it'll be easier for people to track movements in index by investing in the 30 stocks rather than trying to follow 100. So, that kind of initiatives should help the FKLI whereas for the FCPO - yea there are efforts that we're going to do to promote the commodity sector further and for example having the thematic index for oil palm companies could also see a positive impact on the FCPO contract because, investors could, for example buy the ETF, and also trade the FCPO contract.

Questioner: Right.

Geeta: Thank you Mr Koh for those 3 questions. Can we take a further 3 from the floor? Adeline?

Questioner: Dato', Adeline from Business Times. Could you share with us some of your targets, your key targets for this year?

Dato' Yusli: Yes, you would have noticed from the presentation that unlike previous years we did not highlight any targets for this year. That's mainly because we think this year is going to be quite hard to predict, with market conditions being so volatile. You would've known that the targets that we set earlier this year, earlier last year about a year ago; we missed by a long shot. So our focus this year is basically as I shared with you earlier; to make sure that our core business grows even further, but what I can share with you is that we are probably looking at a flattish year in terms of activity in the securities market, and possibly a small growth in the derivatives market. That's our internal expectation. However over 3 to 5 years, we still wanting to achieve a sustainable 60% velocity for the equities market and also looking at doubling our derivatives business. So that's a 3 to 5 year target that we've set for ourselves, assuming that market conditions begin to stabilise say towards the end of the year.

Questioner: Dato', Ai Leng from TV3. In view of the current economic condition, do you see a huge outflow of foreign investments from the local bourse?

Dato' Yusli: Well, I think we've seen that from last year. Most global fund managers have been de-leveraging where they have leveraged. I presume in the case of hedge funds definitely and so, the amount of foreign investment funds that are in the market definitely has reduced. At the same time, the retail funds have also come down substantially. So, it's not just the foreign investors and hence the much lower volumes that we see in the market place today.

Questioner: Dato', Nadia from the Edge. I have 2 questions. Talking about the move from Bursa to the FTSE system, could you elaborate more on why you decided to shrink from 100 to 30 stocks? That's my first question, and secondly talking about IPOs are you doing anything to track anymore international companies to list on the bourse?

Dato' Yusli: Yes. The proposal to move the KLCI composition from 100 to 30 stocks is based on the discussions that we've had with the industry. As you know in our collaboration with FTSE we have created a series of indices; the FTSE Bursa Malaysia indices starting with 30 large cap, and then we have the mid cap, and then 100 and the rest of the series. So when we met with the industry, we wanted to find out from them what would be the kind of index that they would like to serve as a benchmark. And the feedback is that the 30 would be the most suitable given the nature of our market. Of course, the bigger investors prefer the larger cap stocks; the retail investors probably prefer the small cap stocks. But with the usual 80-20 rule, you would know that the 30 large cap stocks represent, I think close to two thirds of our market capitalization, (main board I think). Yes, so they represent a huge chunk and as I mentioned earlier when we look at creating products like futures contracts, ETFs, its easier for investors to focus on the smaller number of stocks if they were trying to create a basket to attract the performance of this futures contracts or ETFs. So, it's in response to what the market is asking us to do. And of course the FTSE methodology is a proven one using international best practice and that's what we want to introduce to our market here.

Dato' Yusli: Foreign IPOs, yes we are still intending to attract foreign companies to list and we have had some meetings with companies from other countries who have indicated interest to list here. It is not going to be something that's going to be easy to achieve given the current economic scenario, even our local companies are thinking very hard about listing so what more foreign companies. But I'm happy to say that there are companies still coming to see us. I suppose, it's a question of when they decide to come.

Geeta: Thank you. Before we go to the questions from the tele-conference, I have three questions from Citi Group via email. The first question is, reception to the US Dollar FCPO Contract looks poor. Are there any initiatives to make this product more marketable and are there any other products in the pipeline?

Dato' Yusli: Yes. The US Dollar Crude Palm Oil Futures Contract which we refer to as FUPO was launched, I think in September last year. The performance has not been up to expectations, we did anticipate that it's not going to be easy. I think a new futures contract always has a tough time trying to create a critical mass. Now, what we've also recognised, that really in order for this product to succeed there was probably a need to have market making framework, to go with it. That's why we're currently working on creating a market making framework for derivatives contracts. So, this is part of the effort and of course we probably need to step up the marketing as well, to the players for this product.

Geeta: The second question is, when will DMA for equities be introduced and how is it expected to contribute to revenue?

Dato' Yusli: I think I mentioned earlier, we are looking at DMA Equities probably around the middle of this year. At the same time we're looking at, the bid offer spread on our stocks as well. Because we believe it's important to facilitate more active electronic trading. We don't have an estimate of how much it will contribute to the business, but I think generally the experience in most markets where DMA has been introduced; it's had a positive impact, to volume.

Geeta: The third question from Citi Group. What is the status of the sale and lease back of Bursa's building?

Dato' Yusli: Right. This is something that is in our plans but we're not pushing it very hard, given the current economic climate. We may also not be looking at the sale and lease back per se. We're still talking to two or three possible interested parties but it may not be a pure sale and lease back arrangement. I think this is something that is still ongoing.

Geeta: We will now take another three questions from our tele-conference participants.

Announcement: Next question, Chee Wei Loong from CLSA. Please proceed.

Questioner: Hi Dato', this is Chee, CLSA. I have three questions to relate it to the results. First question is I noticed that on a quarter on quarter basis, the operating revenue contracted by about 3%, but looking at your chart on page 5, the velocity as well as the daily average trading volume actually went up, so I was wondering why there's such a case? And my second question is, I noticed that the trade receivables increased by 65% and this is mainly because of your trading margin and I wonder whether this is sustainable or it would reduce going forward? And my third question relates to, dividend policy, I understand this year you didn't pay a special dividend. Does that mean that for going forward as well, you're not looking at paying special dividends? Yes, that would be my three questions.

Dato' Yusli: Maybe I'll start with the third one first. We decided that for 2008, we would, given the current economic climate, we would be more conservative with our cash resources, so we've, that's why we decided not to have any special dividend in 08. I think assuming that the market conditions will improve, and that we have better financial performances in future, there's always a possibility that we will consider a special dividend if we were to have sufficient excess cash which is what our stand has been in the past. On trade receivables, I don't have the data. (*Do you want to do that?)- Question posed to Pn. Nadzirah)*

Pn. Nadzirah: Yes. I'm sorry, on trade receivables, what was your question again?

Questioner: Trade payables actually increased by 65% year on year and looking through the notes of explanation that this is mainly because of trading margins from trading of FCPO as well as FKLI. So, the jump in payables, I was wondering whether it would reverse in subsequent quarters or basically you would be maintaining it?

Pn. Nadzirah: The cash margins that are placed are in relation to the open positions for the derivatives trades. So as long as the interest in FCPO and FKLI is there, we will see the same amount of margin or even higher depending on the volume of trade that we see in the market during the quarter. To answer your question on the operating revenue for fourth quarter compared to the third quarter of '08. I believe you were saying that the velocity went up, but somehow the revenue has gone down. This is basically because the total value of trade done during the fourth quarter was actually lower than the third quarter because we have a number of holidays in the fourth quarter. So because of that even though the velocity seems to be going up and even the daily average seems to be improving, the revenue from the equities market has gone down slightly due to the lower number of trading days.

Questioner: A follow up question, in January did you see a reversal in open positions for your futures contracts? And any impact on the trade payable?

Pn. Nadzirah: I'm sorry, I don't have the number of open positions for January. But in terms of number of amount of trade payable, it has been about the same level.

Geeta: Thank you. Can we have questions from the floor please?

Questioner: Dato', Ai Leng here from TV3. You had in November last year mentioned that 40% of the total daily trading volume, total RM1.3 billion was done by foreign investors. Is there any change in that number?

Dato' Yusli: Yes. So far this year, in January, it had come down quite a bit. I think it's around probably half, in terms of proportion at the moment.

Questioner: Half of 40%?

Dato' Yusli: Yes. So far in January.

Geeta: Question from the gentleman in front. Jay, mike please.

Questioner: Dato', there's a news report saying that local bourse lost about close to RM300 billion since January last year due to the crisis in terms of outflow. Could you clarify on that and will you foresee that the outflow will be bigger this year?

Dato' Yusli: RM300 billion in terms of market cap would probably be more accurate. We don't have, we're not able to quantify the amount of funds that have left. But if you look at the total value of the market from RM1.1 trillion to about RM700 billion, it's about three to RM400 billion down - market capitalisation.

Questioner: Dato', Lee from the Malaysian Reserve. Your slide, there are many of these new initiatives, just wondering if the CAPEX of RM85 million will cover all of this?

Dato' Yusli: Yes. Well, some, depending on the initiatives. Some will require a bit more CAPEX than others. But obviously things like new licenses for foreign brokers, there would be no CAPEX on our part. Thematic indices also would probably not require much CAPEX, but yes, whatever CAPEX that we set aside is basically to cover the initiatives that we have planned out.

Questioner: And, all of these will be implemented this year?

Dato' Yusli: That's the plan. Well, apart from maybe something like the ASEAN Trading Link which is a new thing that we're working on. We would definitely start it this year but whether we complete that one this year, we are not sure. Oh yea, and the other one is the approval from the CFTC which is the American regulator. We hope to get their approval this year but again, it's not within our control.

Geeta: Can we have questions from our tele-conference participants?

Announcement: There's no question.

Geeta: Anymore questions from the floor?

Questioner: Dato', in terms of dividends, do you expect to be able to maintain the 91% payout this year?

Dato' Yusli: Yes. I mean, if we continue to be profitable, which I expect we will, that's the commitment that we have made.

Questioner: Dato', are you launching any ETFs this year?

Dato' Yusli: Yes, the thematic ones, the plantation oil palm.

Questioner: What is being done to encourage people to invest in ETFs?

Dato' Yusli: We realise that there probably needs to be more education, more promotion on marketing of ETFs. So that's something that we will put more effort for this year as well.

Geeta: One final question from this gentleman here.

Questioner: Dato', just to clarify something you said earlier regarding a flattish year for equities. Is that in the form of revenue or are you talking about velocity? Just to clarify.

Dato' Yusli: Probably velocity is more accurate, yes. Yes? *(Question posed to Pn. Nadzirah).*

Pn. Nadzirah: Yes.

Questioner: How about in terms of revenue?

Dato' Yusli: Revenue. You've to understand how velocity's calculated; velocity is calculated value over market cap. So if your market cap has come down, then the value, to maintain the same velocity, your value also needs to come down or can come down. But, it is quite hard to predict turnover activity on the market as we know. But, for our budgeting purposes, we have assumed a kind of flattish velocity for the year.

Geeta: Another one final question from you.

Questioner: Just to clarify something with you Dato', I heard your contract ended last month, or… if you could just clarify, so you're staying on?

Dato' Yusli: (Laughs). Yes, I'm on a new contract but at the moment it's for a year.

Questioner: So, your contract, *(Question inaudible)* could you just clarify to me, did it end last time? Your contract?

Dato' Yusli: Yes, I'm on a new contract now. For one year.

Geeta: I understand there's one more question from our tele-conference participant. Please forward your question.

Announcement: The question is from Mr. Sam Hilton, from FPK. Please proceed.

Questioner: This is Sam Hilton from FPK. Just a couple of quick questions. One, could you give any early colour on, what the DMA present volume has been in respect to overall derivatives volume and I guess if that is, if you've seen it as incremental or substitution of volume?

Dato' Yusli: It is quite difficult for us to actually differentiate because, some of the DMA volume is coming through existing customers; some are coming through old customers. But we're not sure whether the existing customer would have traded the same amount of volume with DMA or without DMA. But overall, for last year I think there was about 200,000 contracts were traded through DMA. I suppose it's still early days yet, because we introduced it probably in the second quarter last year. So as throughout this year, I think we'll get a better view of that.

Questioner: And secondly on the bond trading platform, I understand that so far there are (*sentence inaudible)* something like the first half of last year that you were waiving off all fees. Can you give me the activity level is on the bond platform and, when we might expect it to have any kind of meaningful contribution to your revenues?

Dato' Yusli: This one is a bit more challenging. We have to do a lot more work in trying to persuade the participants to use the platform. The situation hasn't changed very much, since we first introduced it. So this is something that we will need to look at more closely and whether we should, consider doing what some other markets have done in terms of trying to make trading mandatory for certain types of benchmark bonds.

Announcement: Next question from Chee Wei Loong from CLSA. Please proceed.

Questioner: Just have a follow up question on looking at cash pile of RM1.14 billion, I just wonder what is the amount that you need to reserve for your operation? And what is the excess cash? And follow up question is also looking at interest rates now coming off for deposits, is there any way you can improve yields on your cash pile or any plans to return it?

Dato' Yusli: Perhaps I will ask our CFO to take that one.

Pn. Nadzirah: Currently, we have about RM400 million cash and we have to set aside RM85 million for our Clearing Guarantee Fund and maybe another RM150 million for CAPEX, lets say that we have set aside about RM300 million for our operations, so we would still have almost RM100 million excess cash. In terms of…

Dato' Yusli: Did you mention the RM1 billion in the balance sheet? *(Question posed to Pn. Nadzirah)*

Pn. Nadzirah: Yes, we have RM1 billion in the balance sheet but that includes the cash margins which belong to the trading participants so our own cash position is only about RM400 million cash.

Questioner: Thank you for the clarification. How about in terms improving yields or are you just placing it in FDs?

Pn. Nadzirah: We do have our investment policy. We invest about 30% of our cash in bonds, but as you well know that even bond markets are, not doing so well during these times, so we have been quite conservative in our investments, and very selective in choosing our bonds. But we will continue to do this and manage our investment effectively and yet taking into account of the risks involved in investing in different kind of products.

Geeta: With that I'd like to conclude the briefing for today and I'd like to thank all of you for your participation. There's some refreshments served in the next room. Thank you once again.

Dato' Yusli: Thank you very much. Thank you.

(Ends)