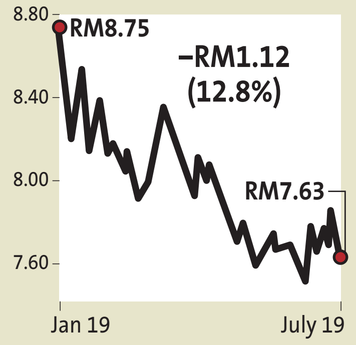
Bursa Malaysia
(RM)



Quarter to June 30

	RM mil	% change (y-o-y)
Revenue	101.06	19.92
Net profit	35.71	29.85
EPS (sen)	6.7	28.85

Consensus estimates

Year	'10	'11f	'12f
EPS (sen)	21	29.1	32.9
PE (times)	36.62	26.22	23.19

EPS: earnings per share PE: price/earnings ratio y-o-y : year-on-year f: forecast

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Bursa posts 30% higher Q2 net profit

KUALA LUMPUR: Bursa Malaysia Bhd's net profit soared 30% to RM35.71mil for the second quarter ended June 30, compared with RM27.50mil for the previous corresponding quarter, on higher revenue.

The company's revenue rose 19.92% to RM101.06mil against RM84.27mil for the previous corresponding quarter. Earnings per share were 6.7 sen for the quarter in review compared with 5.2 sen previously. It had proposed an interim dividend of 13 sen per share, up from 9.5 sen per share for the previous corresponding period.

"We recorded our highest half-year profit in comparison to other half-year profits over the last four years since 2008," Bursa CEO Datuk Tajuddin Atan told a press briefing yesterday.

For the first half of 2011, the company's net profit totalled RM76.2mil, which was 37% higher from the same period last year. Its revenue for the same period was RM200.3mil compared with RM157.7mil previously.

Despite the uncertainties over the eurozone debts, Tajuddin said the capital market has been benefiting from the shift in major funds towards emerging markets.

"We would attribute the stronger securities markets' performance to the ongoing catalytic activities of the Economic Transformation Programme that has spurred activities in select sectors such as finance and construction.

"Our increased engagements with foreign institutions in Britain, the United States, Hong Kong and China are also seeing more attention directed to this market," he added.

Securities trading revenue for the first half rose 36% year-on-year to RM103.8mil, with average trading value by foreign investors rising by 37% within the same period this year. The derivatives market also marked an impressive performance, with an increase of 45% to RM25.3mil for 1H2011, compared with RM17.5mil for 1H2010.

Trading volume rose as a result of the migration to Chicago Mercantile Exchange's trading platform about 10 months, given the increased access and visibility.

Can the momentum for vehicle sales be sustained?

Behind The News
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TOTAL vehicle sales, which surpassed the 600,000-mark for the first time in 2010, was set to continue its momentum this year.

However, that got dashed by the tsunami that hit Japan in March and the implementation of the amended Hire Purchase Act 1967 (HPA) last month.

With swift, effective remedial measures undertaken by Japanese car manufacturers, the production woes are expected to normalise by next month.

The HPA amendments, meant to help protect the consumers and which took effect on June 15, have caused teething problems in the car-buying process and created delays for car companies to secure registrations. One of the amendments requires all used vehicles for sale to undergo Puspakom Sdn Bhd's 18-point inspection to ensure roadworthiness.

The amendments, among others, also required banks to obtain a court order before repossessing a vehicle and repossessors must be registered with the Domestic Trade, Cooperatives and Consumerism Ministry (MDTCC).

Another bone of contention was the 1% maximum booking fee (based on the total selling price) mandated by the amended Act, which requires car sellers to refund customers 90% of the booking fee if the deal were to fall through.

Unlike previously, car sellers or dealers cannot now accept booking fees before the car buyer is served with a Second Schedule notice.

The Second Schedule notice can only be completed and served, in practice, on the car buyer usually after the hire-purchase loan application is approved.

The remaining 9% down payment on the car can only be paid when the hire-purchase agreement has been prepared, with details such as the car's chassis number included.

This means the hire-purchase agreement can only be prepared after the actual car unit has been allocated to the dealership. Despite taking into effect just last month, some auto players claimed that sales were down by as much as 20% in June.

The delay in securing registrations is proving costly for car companies looking to meet their sales targets. Customers are getting frustrated as buying a car has become a lengthy affair.

The Malaysian Automotive Association (MAA) will be meeting the MDTCC this Friday to iron out issues concerning the amendments to the HPA.

According to MAA president Datuk Aishah Ahmad, the ministry "is willing to make amendments to some of the clauses of HPA to make it easier for registrations".

Despite the the earthquake and HPA changes, total vehicle sales is still slated to hit an all-time high this year. The MAA has projected total industry volume (TIV) for 2011 to hit 608,000 units from 618,000 units initially.

Last week, research and consulting firm Frost & Sullivan forecast vehicle sales to reach 615,900 units from 623,000 units projected earlier. Both the projections are still higher than 2010's 605,156 units.

For the first six months of 2011, total vehicle sales slipped 1.3% to 297,203 units from 301,115 units in the previous corresponding period.

According to Aishah, vehicle sales took its biggest beating in the second quarter (April-to-June period) of the year, mainly due to the production disruptionas a result of the Japan earthquake.

With production expected to normalise by August, vehicle sales that could not be achieved initially can finally be realised as car companies would now be able to take delivery of stock that was not available initially. The MAA believes that the positive consumer sentiments owing to greater stability in the employment market and the introduction of new models may help to sustain buying interest in the second half of the year.

Some observers believe that breaching the 600,000-mark could be wishful thinking. With a six-month TIV at 297,203 units, even if similar level of sales is achieved in the second half, full-year sales would still be below 600,000 units.

Furthermore, the general trend is that vehicle sales are usually stronger in the first six months of the year and tend to slow down in the second half. Towards the later part of the year, many people tend to hold off their purchases until the following year to capitalise on better resale value.

Lifestyle channel for Star

It makes maiden venture into TV broadcast via a 51% stake in LI TV

PETALING JAYA: Star Publications (M) Bhd is making its maiden venture into the television broadcast space by taking up a 51% stake in LI TV Holdings Ltd, which owns and operates *Li, Life Inspired*, a high-definition (HD) pan-regional lifestyle TV channel.

Star's partner in LI TV Holdings is Juita Viden International Ltd, a member of the Juita Viden Media Entertainment Group, which is the largest independent television programme distributor in Malaysia.

Juita Viden is also in TV and movie production. It has brought global franchises like *Fear Factor* and *Deal or No Deal* into Malaysia and is behind *Nur Kasih*, the highest rated TV drama in Malaysia.

Star will invest RM35mil for the 51% stake, while Juita Viden International will hold a 49% interest in LI TV Holdings, which is incorporated in Hong Kong. LI TV's HD lifestyle channel *Li, Life Inspired* is Asia's first HD lifestyle TV channel.

It is shown over Astro's channel 706 and other Pay TV broadcasters in Hong Kong, Singapore, Indonesia and Taiwan. The channel started broadcasting in 2009.

Life Inspired

"The investment in LI TV Holdings is part of our strategy of diversifying into media that we currently do not have within our portfolio of media assets," said Star executive deputy chairman Datuk Vincent Lee.

"Star's venture into LI TV is a new touch point for us to widen our audience reach in Malaysia and across the region and opens up a new revenue stream," he added

Said Juita Viden executive director Francis Foo: "We are happy to have Star as our partner. Our 33 years of experience and expertise in TV programming and Star's strength as a major media company with a strong print presence is an ideal partnership to make LI TV a success."

According to a report by Media Partners Asia, the Pay TV industry in Asia will grow by 12% a year; HD TV adoption is expected to grow from 5 million households in 2009 to 23 million by 2013 in Asia-Pacific.

New revenue stream: Lee (left) and Foo signing the agreement as investment partners in LI TV.

LI TV Holdings general manager Anne Chan said HD programming is preferred over standard definition when it comes to lifestyle programmes.

"Interest in lifestyle programmes will grow strongly in Asia in line with greater affluence among the people. HD programmes are the way forward and we are the first Asian-based lifestyle channel in HD so we have the first mover advantage," said Chan. *Li, Life Inspired* features lifestyle inspirations across the five genres – food, home, wellness, travel and style – in one channel.

Going forward, LI TV Holdings is looking at getting into new markets like China, Thailand, South Korea, Vietnam and Macau.

Observers expecting more downside to the stock market

By TEE LIN SAY
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PETALING JAYA: Anxieties over the eurozone debt and uncertainty over the United States debt-ceiling negotiations have caused investors to be more cautious and observers are expecting more downside to the stock market.

The FBM KLCI retraced 6.94 points to 1,555.64 on volume of 977.86mil, the second consecutive day of heavy selling.

The Dow Jones Industrial Average is coming off the worst week since the one ending June 10. It fell 1.4% last week after credit-rating warnings on US debt and weaker economic data kept investor sentiment in check. It was the eighth decline in 11 weeks.

A dealer from CIMB Securities said that the FBM KLCI has triggered a short-term sell signal after breaking the 1,567-level.

"The FBM Emas Index's short-term 30-day line at 10,779 has also been broken. The next critical support level will be at the 90-day line at 1,545," he said.

A dealer from JF Apex Securities expected the market to correct further in the next few days while trading would likely be lacklustre trading for the next few weeks.

"This is not a good sign, as it shows that the appetite for stocks is low," said the dealer.

He said there was no catalyst in the short-term. With Malaysia being a political market, and speculations that the general election would not be held anytime soon, there was nothing for investors to look forward to. "Externally we have bad news from the European front. In the past, we had our internal flow of good news and the general election to sustain our market.

"Right now, with both internal and external news painting bleak pictures, there isn't much hope for the stocks to rise.

"For those who are still holding stocks, it is now panic selling. My advice is to hold and do nothing for the time being. For those who are holding on to cash, don't buy yet," he said.