



**BURSA MALAYSIA BERHAD (30632-P)**  
**(Incorporated in Malaysia)**

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

25 July 2016

**BURSA MALAYSIA BERHAD (30632-P)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

RM'000	Note	3 months ended		6 months ended	
		30.06.2016	30.06.2015	30.06.2016	30.06.2015
		Reviewed	Reviewed	Reviewed	Reviewed
Operating revenue	8	122,247	120,660	248,376	240,450
Other income	9	7,471	6,359	15,275	13,663
		129,718	127,019	263,651	254,113
Staff costs		(33,294)	(32,303)	(66,589)	(63,907)
Depreciation and amortisation		(6,020)	(6,010)	(12,080)	(11,686)
Other operating expenses	10	(20,967)	(19,223)	(44,952)	(42,187)
Profit before tax		69,437	69,483	140,030	136,333
Income tax expense	25	(17,702)	(18,440)	(35,708)	(36,131)
<b>Profit for the period</b>		<b>51,735</b>	<b>51,043</b>	<b>104,322</b>	<b>100,202</b>
<b>Profit attributable to:</b>					
Owners of the Company		49,475	49,489	99,411	96,544
Non-controlling interest		2,260	1,554	4,911	3,658
		51,735	51,043	104,322	100,202
<b>Earnings Per Share ("EPS") attributable to owners of the Company (sen per share):</b>					
Basic EPS	31(a)	9.2	9.3	18.6	18.1
Diluted EPS	31(b)	9.2	9.2	18.5	18.0

*The above condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.*

**BURSA MALAYSIA BERHAD (30632-P)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND SIX MONTHS ENDED 30 JUNE 2016**

RM'000	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	Reviewed	Reviewed	Reviewed	Reviewed
Profit for the period	51,735	51,043	104,322	100,202
<b>Other comprehensive income:</b>				
<b>Items that may be subsequently reclassified to profit or loss:</b>				
Gain/(Loss) on foreign currency translation	62	53	(189)	173
Net fair value changes in Available-For-Sale ("AFS") financial assets	-	717	-	16,006
Net fair value changes in unquoted bonds at Fair Value through Other Comprehensive Income ("FVOCI")	22	-	169	-
Income tax effects relating to AFS financial assets	-	(1)	-	3
Income tax effects relating to unquoted bonds at FVOCI	(16)	-	(22)	-
	68	769	(42)	16,182
<b>Item that will not be subsequently reclassified to profit or loss:</b>				
Net fair value changes in quoted shares at FVOCI	5,321	-	902	-
	5,321	-	902	-
<b>Total other comprehensive income, net of income tax</b>	<b>5,389</b>	<b>769</b>	<b>860</b>	<b>16,182</b>
<b>Total comprehensive income</b>	<b>57,124</b>	<b>51,812</b>	<b>105,182</b>	<b>116,384</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company	54,864	50,258	100,271	112,726
Non-controlling interest	2,260	1,554	4,911	3,658
	57,124	51,812	105,182	116,384

*The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.*

**BURSA MALAYSIA BERHAD (30632-P)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2016**

RM'000	Note	As at 30.06.2016 Reviewed	As at 31.12.2015 Audited
<b>Assets</b>			
Property, plant and equipment		186,800	191,214
Computer software		47,904	52,873
Goodwill		42,957	42,957
Investment securities		209,560	203,401
Staff loans receivable		3,856	4,392
Deferred tax assets		2,130	2,307
<b>Non-current assets</b>		<b>493,207</b>	<b>497,144</b>
Trade receivables		47,552	48,674
Other receivables		14,102	23,042
Tax recoverable		5,977	3,327
Investment securities		14,980	30,048
Cash for equity margining, derivatives trading margins, security deposits and eDividend distributions	13	1,228,667	1,087,526
Cash and bank balances of Clearing Funds	14	125,776	125,568
Cash and bank balances of the Group	15	309,741	271,126
<b>Current assets</b>		<b>1,746,795</b>	<b>1,589,311</b>
<b>Total assets</b>		<b>2,240,002</b>	<b>2,086,455</b>
<b>Equity and liabilities</b>			
Share capital		267,640	267,307
Share premium		112,445	107,443
Other reserves		111,863	109,875
Retained earnings	26	321,341	318,825
Equity attributable to owners of the Company		813,289	803,450
Non-controlling interest		14,171	16,018
<b>Total equity</b>		<b>827,460</b>	<b>819,468</b>
Retirement benefit obligations		25,074	26,112
Deferred grants		3,518	4,087
Deferred tax liabilities		2,129	3,333
<b>Non-current liabilities</b>		<b>30,721</b>	<b>33,532</b>
Trade payables	13	1,184,358	1,083,886
Participants' contributions to Clearing Funds	14	35,776	35,568
Other payables		151,309	107,297
Tax payable		10,378	6,704
<b>Current liabilities</b>		<b>1,381,821</b>	<b>1,233,455</b>
<b>Total liabilities</b>		<b>1,412,542</b>	<b>1,266,987</b>
<b>Total equity and liabilities</b>		<b>2,240,002</b>	<b>2,086,455</b>
<b>Net assets per share attributable to owners of the Company (RM)</b>		<b>1.52</b>	<b>1.50</b>

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

**BURSA MALAYSIA BERHAD (30632-P)**  
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

RM'000	Attributable to owners of the Company								Distributable		Non-controlling interest	Total equity
	Non-distributable				Distributable				Total			
	Share capital	Share premium	Capital redemption reserve	Foreign currency translation reserve	Share grant reserve	Clearing fund reserves	AFS reserve	FVOCI reserve	Retained earnings	Total		
<b>At 1 January 2016</b>	267,307	107,443	5,250	710	10,049	30,000	63,866	-	318,825	803,450	16,018	819,468
Effects of MFRS 9 <i>Financial Instruments</i> adoption (Note 2.1 (ii)(a))	-	-	-	-	-	-	(63,866)	64,041	(619)	(444)	(8)	(452)
<b>At 1 January 2016 (restated)</b>	267,307	107,443	5,250	710	10,049	30,000	-	64,041	318,206	803,006	16,010	819,016
Profit for the period	-	-	-	-	-	-	-	-	99,411	99,411	4,911	104,322
Other comprehensive income, net of income tax	-	-	-	(189)	-	-	-	1,049	-	860	-	860
Total comprehensive income	-	-	-	(189)	-	-	-	1,049	99,411	100,271	4,911	105,182
<b>Transactions with owners of the Company:</b>												
Issuance of ordinary shares pursuant to Share Grant Plan ("SGP")	333	5,002	-	-	(5,335)	-	-	-	-	-	-	-
SGP expense	-	-	-	-	6,288	-	-	-	-	6,288	-	6,288
Dividends paid (Note 7)	-	-	-	-	-	-	-	-	(96,276)	(96,276)	-	(96,276)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(6,750)	(6,750)
<b>At 30 June 2016</b>	<b>267,640</b>	<b>112,445</b>	<b>5,250</b>	<b>521</b>	<b>11,002</b>	<b>30,000</b>	<b>-</b>	<b>65,090</b>	<b>321,341</b>	<b>813,289</b>	<b>14,171</b>	<b>827,460</b>
<b>At 1 January 2015</b>	266,760	100,064	5,250	204	7,496	30,000	33,708	-	305,218	748,700	14,001	762,701
Profit for the period	-	-	-	-	-	-	-	-	96,544	96,544	3,658	100,202
Other comprehensive income, net of income tax	-	-	-	173	-	-	16,009	-	-	16,182	-	16,182
Total comprehensive income	-	-	-	173	-	-	16,009	-	96,544	112,726	3,658	116,384
<b>Transactions with owners of the Company:</b>												
Issuance of ordinary shares pursuant to SGP	125	2,020	-	-	(2,145)	-	-	-	-	-	-	-
SGP expense	-	-	-	-	5,866	-	-	-	-	5,866	-	5,866
Dividends paid (Note 7)	-	-	-	-	-	-	-	-	(96,079)	(96,079)	-	(96,079)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(5,825)	(5,825)
<b>At 30 June 2015</b>	<b>266,885</b>	<b>102,084</b>	<b>5,250</b>	<b>377</b>	<b>11,217</b>	<b>30,000</b>	<b>49,717</b>	<b>-</b>	<b>305,683</b>	<b>771,213</b>	<b>11,834</b>	<b>783,047</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

**BURSA MALAYSIA BERHAD (30632-P)**  
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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

RM'000	Note	6 months ended	
		30.06.2016	30.06.2015
		Reviewed	Reviewed
<b>Cash flows from operating activities</b>			
Profit before tax		140,030	136,333
Adjustments for:			
Depreciation and amortisation		12,080	11,686
Dividend income from investment securities	9	(1,326)	(963)
Grant income	9	(569)	(721)
Interest income	9	(10,274)	(9,072)
Loss on disposal on disposal of motor vehicle	9	-	345
Net amortisation of premiums		27	32
Net gain on disposal of investment securities	9	-	(95)
Net reversal of impairment loss on:			
Investment securities	10	(94)	-
Trade and other receivables	10	(172)	(144)
Property, plant and equipment written off	10	-	2
Retirement benefit obligations		660	685
SGP expense		6,288	5,866
Unrealised loss/(gain) on foreign exchange differences		528	(238)
Operating profit before working capital changes		147,178	143,716
Decrease/(Increase) in receivables		2,137	(9,069)
Increase in other payables		3,755	9,333
Cash generated from operations		153,070	143,980
Staff loans repaid		473	587
Retirement benefits paid		(1,698)	(1,771)
Net tax paid		(35,534)	(32,214)
<b>Net cash from operating activities</b>		<b>116,311</b>	<b>110,582</b>
<b>Cash flows from investing activities</b>			
Dividends received		6,967	945
Increase in deposits not for short-term funding requirements		(71,724)	-
Interest received		11,594	9,987
Proceeds from disposal of investment securities		25,000	48,557
Purchases of investment securities		(14,953)	(21,457)
Proceeds from disposal of motor vehicle		-	283
Purchases of property, plant and equipment and computer software		(3,087)	(7,294)
<b>Net cash (used in)/from investing activities</b>		<b>(46,203)</b>	<b>31,021</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(96,276)	(96,079)
Dividends paid by a subsidiary to non-controlling interest		(6,750)	(5,825)
<b>Net cash used in financing activities</b>		<b>(103,026)</b>	<b>(101,904)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(32,918)</b>	<b>39,699</b>
Effect of exchange rate changes		(191)	174
Cash and cash equivalents at beginning of period		264,058	214,367
<b>Cash and cash equivalents at end of period</b>	15	<b>230,949</b>	<b>254,240</b>

*The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.*

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**1. BASIS OF PREPARATION**

This condensed consolidated interim financial statements (Condensed Report), other than for financial instruments and retirement benefit obligations, have been prepared under the historical cost convention. Certain financial instruments are carried at fair value in accordance with the Malaysian Financial Reporting Standard (MFRS) 9 *Financial Instruments* and MFRS 139 *Financial Instruments: Recognition and Measurement*, and the retirement benefit obligations include actuarial gains and losses in accordance with MFRS 119 *Employee Benefits*.

This Condensed Report has also been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting*, International Accounting Standard (IAS) 34 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Adoption of Standards, Amendments and Annual Improvements to Standards**

The accounting policies adopted in the preparation of the Condensed Report are consistent with those used in the preparation of the Group's audited financial statements for the financial year ended 31 December 2015, except for the following:

**(i) Standards, Amendments and Annual Improvements to Standards effective for the financial periods beginning on or after 1 January 2016**

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 11 Joint Arrangements - *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 101 Presentation of Financial Statements - *Disclosure Initiative*

Amendments to MFRS 127 Separate Financial Statements - *Equity Method in Separate Financial Statements*

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture - *Agriculture: Bearer Plants*

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - *Investment Entities: Applying the Consolidation Exception*

Annual Improvements to MFRSs 2012 - 2014 Cycle

The above pronouncements are either not relevant or do not impact the financial statements of the Group.

**(ii) Early adoption of Standards effective for the financial periods beginning on or after 1 January 2018**

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

Clarifications to MFRS 15 Revenue Contracts with Customers

The Group has elected to early adopt MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers*, which are mandatory for the financial periods beginning on or after 1 January 2018. The impacts of the adoption of these Standards on the Group's financial statements are as follows:

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)

(ii) Early adoption of Standards effective for the financial periods beginning on or after 1 January 2018 (Cont'd.)

(a) MFRS 9 Financial Instruments

The Group has elected to early adopt MFRS 9 *Financial Instruments* which is applied retrospectively from 1 January 2016. The adoption of MFRS 9 *Financial Instruments* resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets were amended to comply with MFRS 9 *Financial Instruments*. The hedge accounting requirements under MFRS 9 *Financial Instruments* are not relevant to the Group. In accordance with the transition requirements under MFRS 9 *Financial Instruments*, paragraph 7.2.15, comparatives are not restated and the financial impact on the adoption of this Standard is recognised in retained earnings as at 1 January 2016.

i. Changes in accounting policies

Financial assets

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value either through other comprehensive income or through profit or loss; and
- those to be measured at amortised cost.

The classification above depends on the Group's business model for managing the financial assets and the contractual terms of cash flows. The following summarises the key changes:

- The Available For Sale ("AFS") and loans and receivables financial asset categories were removed.
- A new asset category measured at Fair Value through Other Comprehensive Income ("FVOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interests and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- The new asset category for non-traded equity investments measured at FVOCI was introduced.
- A new asset category measured at amortised cost was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interests and held in a business model whose objective is achieved by collecting contractual cash flows only.

Financial liabilities

There is no impact on the classification and measurement of the Group's financial liabilities.



PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)

(ii) Early adoption of Standards effective for the financial periods beginning on or after 1 January 2018 (Cont'd.)

(a) MFRS 9 Financial Instruments (Cont'd.)

i. Changes in accounting policies (Cont'd.)

Impairment of financial assets

MFRS 9 *Financial Instruments* requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139. The key changes in the Group's accounting policies for impairment of financial assets are as follows:

a. Unquoted bonds and staff loans receivable

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive.

The Group applies a two-step approach to measure the ECL on unquoted bonds and staff loans receivable:

(i) 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group shall measure the loss allowance for that financial asset at an amount equal to the probability of default events occurring within the next 12 months and considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as loss allowance by the Group. If in a subsequent period, the lifetime ECL is no longer met, the Group shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

At each reporting date, the Group assesses whether there is a significant increase in credit risk for unquoted bonds and staff loans receivable since initial recognition by comparing the risk of default on these financial assets as at the reporting date with the risk of default as at the date of initial recognition. The Group considers external credit rating and other supportive information to assess deterioration in credit quality of these financial assets.

b. Trade and other receivables which are financial assets

The Group applies the simplified approach prescribed by MFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the trade and other receivables which are financial assets.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)**

**(ii) Early adoption of Standards effective for the financial periods beginning on or after 1 January 2018 (Cont'd.)**

**(a) MFRS 9 Financial Instruments (Cont'd.)**

**ii. Classification and measurement of financial instruments**

The following table summarises the reclassification and measurement of the Group's financial assets on 1 January 2016:

	Note	Measurement category		Carrying amount as at 1 January 2016	
		Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139) RM'000	New (MFRS 9) RM'000
<b>Financial assets:</b>					
Investments securities					
- Quoted shares	(1)	AFS	FVOCI	148,667	148,667
- Unquoted bonds	(1)	AFS	FVOCI	84,782	84,782
Staff loans receivable	(2)	Loans and receivables	Amortised cost	5,026	5,026
Trade receivables	(2)	Loans and receivables	Amortised cost	48,674	48,024
Other receivables which are financial assets	(2)	Loans and receivables	Amortised cost	14,662	14,662
Cash for equity margining, derivatives trading margins, security deposits and eDividend distributions	(2)	Loans and receivables	Amortised cost	1,087,526	1,087,526
Cash and bank balances of Clearing Funds	(2)	Loans and receivables	Amortised cost	125,568	125,568
Cash and bank balances of the Group	(2)	Loans and receivables	Amortised cost	271,126	271,126

(1) The Group elected to present in other comprehensive income the changes in the fair value of its quoted shares (outside Malaysia) previously classified as AFS, as this investment is not held for trading. For debt instruments, unquoted bonds that have previously been classified as AFS are now reclassified to FVOCI. The Group's business model for unquoted bonds is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely principal and interest.

(2) Staff loans receivable, trade receivables, other receivables which are financial assets, cash and bank balances and cash for equity margining, derivatives trading margins, security deposits and eDividend distributions that have previously been classified at loan and receivables are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Financial liabilities at amortised cost consist of trade payables, participants' contributions to Clearing Funds and other payables which are financial liabilities. There is no impact on the classification and measurement of the Group's financial liabilities.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)**

**(ii) Early adoption of Standards effective for the financial periods beginning on or after 1 January 2018 (Cont'd.)**

**(a) MFRS 9 Financial Instruments (Cont'd.)**

**ii. Classification and measurement of financial instruments (Cont'd.)**

The following table is a reconciliation of the carrying amount of the Group's statement of financial position from MFRS 139 *Financial Instruments* to MFRS 9 *Financial Instruments* as at 1 January 2016:

	Original (MFRS 139)			New (MFRS 9)
	Carrying amount as at 31 December 2015 RM'000	Reclassification RM'000	Remeasurement RM'000	Carrying amount as at 1 January 2016 RM'000
<b>Investment securities - AFS</b>	233,449	(233,449)	-	-
<b>Investment securities - FVOCI</b>	-	233,449	-	233,449
<b>Deferred tax assets:</b>				
Opening balance	2,307	-	-	2,307
Deferred tax relating to loss allowance	-	-	198	198
<b>Total deferred tax assets</b>	2,307	-	198	2,505
<b>Trade receivables:</b>				
Opening balance	48,674	-	-	48,674
Increase in loss allowance*	-	-	(650)	(650)
<b>Total trade receivables</b>	48,674	-	(650)	48,024
<b>Retained earnings:</b>				
Opening balance	318,825	-	-	318,825
Increase in loss allowance for:				
- unquoted bonds at FVOCI**	-	-	(175)	(175)
- trade receivables*	-	-	(640)	(640)
Deferred tax relating to loss allowance	-	-	196	196
<b>Total retained earnings</b>	318,825	-	(619)	318,206
<b>AFS reserve</b>	63,866	(63,866)	-	-
<b>FVOCI reserve:</b>				
Opening balance	-	63,866	-	63,866
Fair value changes arising from the increase in loss allowance	-	-	175	175
<b>Total FVOCI reserve</b>	-	63,866	175	64,041
<b>Non-controlling interest:</b>				
Opening balance	16,018	-	-	16,018
Increase in loss allowance for trade receivables	-	-	(10)	(10)
Deferred tax relating to loss allowance	-	-	2	2
<b>Total non-controlling interest</b>	16,018	-	(8)	16,010

\* The Group applies the simplified approach in providing for ECL.

\*\* No known significant credit risk for unquoted bonds at FVOCI. Thus, the Group applies 12-months ECL.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)

(ii) Early adoption of Standards effective for the financial periods beginning on or after 1 January 2018 (Cont'd.)

(b) MFRS 15 Revenue from Contracts with Customers

The Group has elected to early adopt MFRS 15 *Revenue from Contracts with Customers* which is applied retrospectively from 1 January 2016. This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no impact other than the disclosures in the Group's financial statements.

2.2 Standards issued but not yet effective

As at the date of authorisation of the Condensed Report, the following Standards and Amendments to MFRSs were issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group:

**Effective for the financial periods beginning on or after 1 January 2017**

Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*

Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* \*

\* *The effective date of these Standards have been deferred, and yet to be announced by MASB.*

**Effective for the financial periods beginning on or after 1 January 2019**

MFRS 16 Leases

The Group will adopt the above pronouncements when they become effective in the respective financial periods. The Group does not expect any material impact to the financial statements of the above pronouncements other than the Standards described below, for which the effects of adoption are still being assessed:

(i) MFRS 16 Leases

MFRS 16 Leases was issued in April 2016 and will supersede all current lease recognition under MFRS. Under this Standard, a lease is a contract (or contains a lease in a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**

**2.2 Standards issued but not yet effective (Cont'd.)**

**(i) MFRS 16 Leases (Cont'd.)**

MFRS 16 eliminates the classification of leases as either operating leases or financial leases for a lessee, and requires a lessee to treat all leases as a finance lease that recognises the right to use of the underlying lease asset and the future lease payments liabilities in the Group statement of financial position. For a lessor, MFRS 16 made changes to the disclosures of the existing requirements under MFRS 117 and continue to allow a lessor to classify all leases as either operating leases or finance leases.

MFRS 16 is effective for annual periods beginning on or after 1 January 2019, with early application permitted provided MFRS 15 is also applied.

**3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's performance is affected by the level of activities in the Securities and Derivatives Markets but not by any seasonal or cyclical factors.

**4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter and six months ended 30 June 2016.

**5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES**

There were no changes in estimates other than as disclosed in Note 2.1 (ii)(a), that have had any material effect during the quarter and six months ended 30 June 2016.

**6. DEBT AND EQUITY SECURITIES**

There were no issuances, repurchases and repayments of debt and equity securities during the quarter and six months ended 30 June 2016 other than the following:

- (i) On 1 April 2016, the Company issued 250,000 new ordinary shares of RM0.50 each pursuant to the SGP; and
- (ii) On 28 April 2016, the Company issued 416,000 new ordinary shares of RM0.50 each pursuant to the SGP.

**7. DIVIDENDS PAID**

The following dividends were paid during the current and previous corresponding period ended:

	<b>30.06.2016</b>	<b>30.06.2015</b>
Final dividend for the financial year ended	31 December 2015	31 December 2014
Approved and declared on	31 March 2016	31 March 2015
Date paid	18 April 2016	16 April 2015
Number of ordinary shares on which dividends were paid ('000)	534,864	533,770
Dividend per share (single-tier)	18.0 sen	18.0 sen
Net dividend paid (RM'000)	96,276	96,079

**BURSA MALAYSIA BERHAD (30632-P)**  
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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**8. OPERATING REVENUE**

RM'000	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Clearing fees	43,950	46,554	89,413	92,386
Trade fees	5,803	6,027	11,746	12,166
Others	5,750	5,884	11,441	11,387
<b>Total Securities trading revenue</b>	<b>55,503</b>	<b>58,465</b>	<b>112,600</b>	<b>115,939</b>
Clearing fees	5,210	4,267	10,162	8,964
Trade fees	13,219	11,512	25,652	23,835
Others	5,156	3,748	10,241	7,227
<b>Total Derivatives trading revenue</b>	<b>23,585</b>	<b>19,527</b>	<b>46,055</b>	<b>40,026</b>
Bursa Suq Al-Sila ("BSAS") trading revenue	4,093	3,737	8,826	7,503
Listing and issuer services	13,716	14,941	27,000	25,792
Depository services	10,245	10,293	19,605	18,716
Market data	9,774	8,020	17,905	16,181
Member services and connectivity	5,275	5,493	10,633	10,447
Others	56	184	5,752	5,846
	<b>43,159</b>	<b>42,668</b>	<b>89,721</b>	<b>84,485</b>
<b>Total operating revenue</b>	<b>122,247</b>	<b>120,660</b>	<b>248,376</b>	<b>240,450</b>

**(a) Disaggregation of revenue**

The following table illustrates the Group's revenue as disaggregated by major products or services and a reconciliation of the disaggregated revenue with the Group's four major market segments as disclosed in Note 11. The table also includes the timing of revenue recognition.

RM'000	Securities Market	Derivatives Market	Exchange Holding Company	Others	Total
<b>3 months ended 30 June 2016</b>					
<b>Major products or services:</b>					
- Securities trading revenue	55,503	-	-	-	55,503
- Derivatives trading revenue	-	23,585	-	-	23,585
- BSAS trading revenue	-	-	-	4,093	4,093
- Listing and issuer services	13,672	-	-	44	13,716
- Depository services	10,245	-	-	-	10,245
- Market data	7,619	2,089	-	66	9,774
- Member services and connectivity	3,330	46	1,862	37	5,275
- Others	-	56	-	-	56
	<b>90,369</b>	<b>25,776</b>	<b>1,862</b>	<b>4,240</b>	<b>122,247</b>
<b>Timing of revenue recognition:</b>					
- At a point in time	77,854	24,746	-	4,155	106,755
- Over time	12,515	1,030	1,862	85	15,492
	<b>90,369</b>	<b>25,776</b>	<b>1,862</b>	<b>4,240</b>	<b>122,247</b>

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**8. OPERATING REVENUE (CONT'D.)**

**(a) Disaggregation of revenue (Cont'd.)**

RM'000	Securities Market	Derivatives Market	Exchange Holding Company	Others	Total
<b>6 months ended 30 June 2016</b>					
<b>Major products or services:</b>					
- Securities trading revenue	112,595	-	-	5	112,600
- Derivatives trading revenue	-	46,055	-	-	46,055
- BSAS trading revenue	-	-	-	8,826	8,826
- Listing and issuer services	26,899	-	-	101	27,000
- Depository services	19,605	-	-	-	19,605
- Market data	13,706	4,082	-	117	17,905
- Member services and connectivity	6,728	84	3,747	74	10,633
- Others	-	5,752	-	-	5,752
	<b>179,533</b>	<b>55,973</b>	<b>3,747</b>	<b>9,123</b>	<b>248,376</b>
<b>Timing of revenue recognition:</b>					
- At a point in time	155,226	53,988	-	8,957	218,171
- Over time	24,307	1,985	3,747	166	30,205
	<b>179,533</b>	<b>55,973</b>	<b>3,747</b>	<b>9,123</b>	<b>248,376</b>

**9. OTHER INCOME**

RM'000	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Interest income from:				
- Investments	4,949	4,244	10,184	8,923
- Others	44	84	90	149
Dividend income	645	477	1,326	963
Grant income	284	277	569	721
Loss on disposal of motor vehicle	-	(345)	-	(345)
Net gain on disposal of investment securities	-	24	-	95
Rental income	1,545	1,539	3,080	3,063
Miscellaneous income	4	59	26	94
<b>Total other income</b>	<b>7,471</b>	<b>6,359</b>	<b>15,275</b>	<b>13,663</b>

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**10. OTHER OPERATING EXPENSES**

RM'000	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Administrative expenses	1,757	1,611	3,645	3,491
Building management expenses	2,998	2,705	5,780	5,447
Central Depository System ("CDS") consumables	1,040	915	2,240	1,817
Marketing and development expenses	1,919	2,158	6,532	7,071
Net reversal of impairment loss on:				
- Investment securities	(106)	-	(94)	-
- Trade and other receivables	(236)	(8)	(172)	(144)
Professional fees	2,015	109	2,255	304
Property, plant and equipment written off	-	2	-	2
Technology charges:				
- Information technology maintenance	3,430	4,304	8,440	8,770
- Service fees	6,151	5,257	11,823	10,823
Net loss/(gain) on foreign exchange differences	30	(26)	684	13
Miscellaneous expenses	1,969	2,196	3,819	4,593
<b>Total other operating expenses</b>	<b>20,967</b>	<b>19,223</b>	<b>44,952</b>	<b>42,187</b>



**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**11. SEGMENTAL INFORMATION**

RM'000	Securities Market	Derivatives Market	Exchange Holding Company	Others	Consolidated
<b>RESULTS FOR 3 MONTHS ENDED 30 JUNE 2016</b>					
Operating revenue	90,369	25,776	1,862	4,240	122,247
Other income	3,351	509	3,566	45	7,471
Direct costs	(22,739)	(11,589)	(7,304)	(1,507)	(43,139)
<b>Segment profit/(loss)</b>	<b>70,981</b>	<b>14,696</b>	<b>(1,876)</b>	<b>2,778</b>	<b>86,579</b>
Overheads					(17,142)
<b>Profit/(Loss) before tax</b>	<b>70,981</b>	<b>14,696</b>	<b>(1,876)</b>	<b>2,778</b>	<b>69,437</b>

<b>RESULTS FOR 3 MONTHS ENDED 30 JUNE 2015</b>					
Operating revenue	92,852	21,843	2,104	3,861	120,660
Other income	3,137	435	2,708	79	6,359
Direct costs	(22,213)	(11,266)	(7,790)	(1,543)	(42,812)
<b>Segment profit/(loss)</b>	<b>73,776</b>	<b>11,012</b>	<b>(2,978)</b>	<b>2,397</b>	<b>84,207</b>
Overheads					(14,724)
<b>Profit/(Loss) before tax</b>	<b>73,776</b>	<b>11,012</b>	<b>(2,978)</b>	<b>2,397</b>	<b>69,483</b>

<b>RESULTS FOR 6 MONTHS ENDED 30 JUNE 2016</b>					
Operating revenue	179,533	55,973	3,747	9,123	248,376
Other income	6,933	1,201	7,005	136	15,275
Direct costs	(46,302)	(25,971)	(15,263)	(3,117)	(90,653)
<b>Segment profit/(loss)</b>	<b>140,164</b>	<b>31,203</b>	<b>(4,511)</b>	<b>6,142</b>	<b>172,998</b>
Overheads					(32,968)
<b>Profit/(Loss) before tax</b>	<b>140,164</b>	<b>31,203</b>	<b>(4,511)</b>	<b>6,142</b>	<b>140,030</b>

<b>RESULTS FOR 6 MONTHS ENDED 30 JUNE 2015</b>					
Operating revenue	178,850	49,962	3,841	7,797	240,450
Other income	6,591	1,028	5,900	144	13,663
Direct costs	(43,327)	(26,257)	(15,179)	(2,939)	(87,702)
<b>Segment profit/(loss)</b>	<b>142,114</b>	<b>24,733</b>	<b>(5,438)</b>	<b>5,002</b>	<b>166,411</b>
Overheads					(30,078)
<b>Profit/(Loss) before tax</b>	<b>142,114</b>	<b>24,733</b>	<b>(5,438)</b>	<b>5,002</b>	<b>136,333</b>

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**11. SEGMENTAL INFORMATION (CONT'D.)**

RM'000	Securities Market	Derivatives Market	Exchange Holding Company	Others	Consolidated
<b>ASSETS AND LIABILITIES</b>					
<b>AS AT 30 JUNE 2016</b>					
Assets	393,125	106,890	343,855	33,582	877,452
Clearing Funds	97,985	27,791	-	-	125,776
Cash for equity margining, derivatives trading margins, security deposits and eDividend distributions	114,798	1,113,869	-	-	1,228,667
Segment assets	605,908	1,248,550	343,855	33,582	2,231,895
Unallocated corporate assets					8,107
<b>Total assets</b>	<b>605,908</b>	<b>1,248,550</b>	<b>343,855</b>	<b>33,582</b>	<b>2,240,002</b>
Liabilities	45,136	12,756	59,745	17,955	135,592
Participants' contributions to Clearing Funds	12,985	22,791	-	-	35,776
Equity margining and derivatives trading margins and eDividend distributions	114,798	1,113,869	-	-	1,228,667
Segment liabilities	172,919	1,149,416	59,745	17,955	1,400,035
Unallocated corporate liabilities					12,507
<b>Total liabilities</b>	<b>172,919</b>	<b>1,149,416</b>	<b>59,745</b>	<b>17,955</b>	<b>1,412,542</b>

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**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**12. RELATED PARTY DISCLOSURES**

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

**13. CASH FOR EQUITY MARGINING, DERIVATIVES TRADING MARGINS, SECURITY DEPOSITS AND eDIVIDEND DISTRIBUTIONS**

RM'000	As at 30.06.2016
Equity margining, derivatives trading margins and security deposits, representing trade payables	1,184,358
Cash received for eDividend distributions (included in other payables)	44,309
<b>Total cash for equity margining, derivatives trading margins, security deposits and eDividend distributions</b>	<b>1,228,667</b>

The amount of non-cash collaterals for equity margining, derivatives trading margins and security deposits which are not included in the consolidated statement of financial position as at 30 June 2016 comprise the following:

RM'000	As at 30.06.2016
Collaterals in the form of letters of credit	663,620
Collaterals in the form of shares	338
	<b>663,958</b>

**14. CASH AND BANK BALANCES OF CLEARING FUNDS**

RM'000	Participants' contributions	Cash set aside by the Group	As at 30.06.2016
Contributions from Trading Clearing Participants ("TCPs") of Bursa Malaysia Securities Clearing Sdn Bhd ("BMSC")	12,985	-	12,985
Contribution from BMSC	-	25,000	25,000
Additional cash resources from BMSC	-	60,000	60,000
Clearing Guarantee Fund ("CGF") contributions (Note a)	12,985	85,000	97,985
Contributions from Clearing Participants ("CPs") of Bursa Malaysia Derivatives Clearing Bhd ("BMDC")	22,791	-	22,791
Contribution from BMDC	-	5,000	5,000
Derivatives Clearing Fund ("DCF") contributions (Note b)	22,791	5,000	27,791
<b>Total cash and bank balances of Clearing Funds</b>	<b>35,776</b>	<b>90,000</b>	<b>125,776</b>

(a) Total cash and non-cash components of the CGF are as follows:

RM'000	As at 30.06.2016
Cash and bank balances	97,985
Bank guarantees from TCPs of BMSC	4,487
<b>Total CGF</b>	<b>102,472</b>

(b) There are no non-cash collaterals from CPs of BMDC for DCF held by the Group as at 30 June 2016.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**15. CASH AND BANK BALANCES OF THE GROUP**

<b>RM'000</b>	<b>As at 30.06.2016</b>
Cash and bank balances	3,106
Deposits for short-term funding requirements	227,843
Cash and cash equivalents	230,949
Deposits not for short-term funding requirements	78,792
<b>Total cash and bank balances</b>	<b>309,741</b>

Included in the cash and bank balances as at the end of the financial period is an amount of RM182,000 which has been set aside to meet or secure the claims of creditors pursuant to a High Court order issued in relation to the reduction of capital of the Company on 27 January 2005.

**16. CAPITAL COMMITMENTS**

Capital commitments for the purchase of property, plant and equipment not provided for in the Condensed Report as at the end of the financial period are as follows:

<b>RM'000</b>	<b>Approved and contracted for</b>	<b>Approved but not contracted for</b>
Computers and office automation	883	5,157
Renovations	297	550
<b>Total capital commitments</b>	<b>1,180</b>	<b>5,707</b>

**17. CONTINGENT ASSETS AND LIABILITIES**

There are no contingent assets and no changes in the contingent liability in respect of the put and call options with Chicago Mercantile Exchange Group over the ordinary shares of Bursa Malaysia Derivatives since 31 December 2015.

**18. CHANGES IN COMPOSITION OF THE GROUP**

There were no changes in the composition of the Group during the quarter and six months ended 30 June 2016.

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**19. OPERATING LEASE ARRANGEMENTS**

**(a) As Lessee - for the lease of land**

The future aggregate minimum lease payments payable under non-cancellable operating lease contracted for as at the end of the financial period but not recognised as liabilities are as follows:

<b>RM'000</b>	<b>As at 30.06.2016</b>
Not later than 1 year	539
Later than 1 year and not later than 5 years	2,154
Later than 5 years	38,102
<b>Total future minimum lease payments</b>	<b>40,795</b>

**(b) As Lessee - for the lease of equipment**

The future aggregate minimum lease payments payable under operating leases contracted for as at the end of the financial period but not recognised as liabilities are as follows:

<b>RM'000</b>	<b>As at 30.06.2016</b>
Not later than 1 year	152
Later than 1 year and not later than 2 years	51
<b>Total future minimum lease payments</b>	<b>203</b>

**(c) As Lessor - for the lease of office space in the building**

The future aggregate minimum lease payments receivable under operating leases contracted for as at the end of the financial period but not recognised as receivables are as follows:

<b>RM'000</b>	<b>As at 30.06.2016</b>
Not later than 1 year	5,298
Later than 1 year and not later than 2 years	5,163
Later than 2 years and not later than 5 years	5,096
<b>Total future minimum lease receivables</b>	<b>15,557</b>

**PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134**

**20. FINANCIAL INSTRUMENTS**

**20.1 Classification**

The following table analyses the financial assets and financial liabilities of the Group in the condensed consolidated statement of financial position by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis as at 30 June 2016.

RM'000	Financial Assets at FVOCI	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
<b>As at 30 June 2016</b>				
<b>Assets</b>				
Investments securities				
- Quoted shares	149,569	-	-	149,569
- Unquoted bonds	70,023	-	-	70,023
- Commercial Papers	-	4,948	-	4,948
	<b>219,592</b>	<b>4,948</b>	<b>-</b>	<b>224,540</b>
Staff loans receivable	-	4,463	-	4,463
Trade receivables	-	47,552	-	47,552
Other receivables which are financial assets *	-	7,162	-	7,162
Cash for equity margining, derivatives trading margins, security deposits and eDividend distributions	-	1,228,667	-	1,228,667
Cash and bank balances of Clearing Funds	-	125,776	-	125,776
Cash and bank balances of the Group	-	309,741	-	309,741
<b>Total financial assets</b>	<b>219,592</b>	<b>1,728,309</b>	<b>-</b>	<b>1,947,901</b>
<b>Liabilities</b>				
Trade payables	-	-	1,184,358	1,184,358
Participants' contributions to Clearing Funds	-	-	35,776	35,776
Other payables which are financial liabilities **	-	-	71,237	71,237
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>1,291,371</b>	<b>1,291,371</b>

\* Other receivables which are financial assets include deposits, interest receivables and sundry receivables, net of allowance for impairment.

\*\* Other payables which are financial liabilities include amount due to Securities Commission and sundry payables.

**20. FINANCIAL INSTRUMENTS (CONT'D.)**

**20.2 Fair Value (Cont'd.)**

**(a) Financial instruments that are carried at fair value (cont'd.)**

Financial assets at FVOCI are measured at fair value at different measurement hierarchies (i.e. Level 1, 2 and 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the fair value.

**(i) Level 1: Quoted prices (unadjusted) of identical assets in active markets**

Quoted shares are measured at Level 1. The fair value of quoted shares is determined directly by reference to their published market bid prices as at 30 June 2016.

**(ii) Level 2: Inputs other than at quoted prices included within Level 1 that are observable for the assets, either directly (prices) or indirectly (derived from prices)**

Unquoted bonds are measured at Level 2. The fair value of unquoted bonds is determined by reference to the published market bid prices of unquoted fixed income securities based on information provided by Bond Pricing Agency Malaysia Sdn Bhd.

**(iii) Level 3: Inputs for the assets that are not based on observable market data (unobservable inputs)**

The Group does not have any financial instruments measured at Level 3 as at 30 June 2016.

RM'000	Level 1	Level 2	Total
<b>Financial assets at FVOCI</b>			
Quoted shares	149,569	-	149,569
Unquoted bonds	-	70,023	70,023
	149,569	70,023	219,592

There were no transfers between Level 1 and Level 2 during the six months and quarter ended 30 June 2016.

**(b) Financial instruments that are not carried at fair value**

The carrying amount of financial assets and financial liabilities at amortised cost, other than staff loans receivable, are reasonable approximation of their fair values due to their short-term nature.

The carrying amount of staff loans receivable approximates its fair value, and is estimated by discounting the expected future cash flows using the current interest rates for loans with similar risk profiles. The fair value of the staff loans receivable is measured at Level 3 under the measurement hierarchy.

**21. EVENTS AFTER THE REPORTING PERIOD**

There was no material event subsequent to the end of the current quarter.

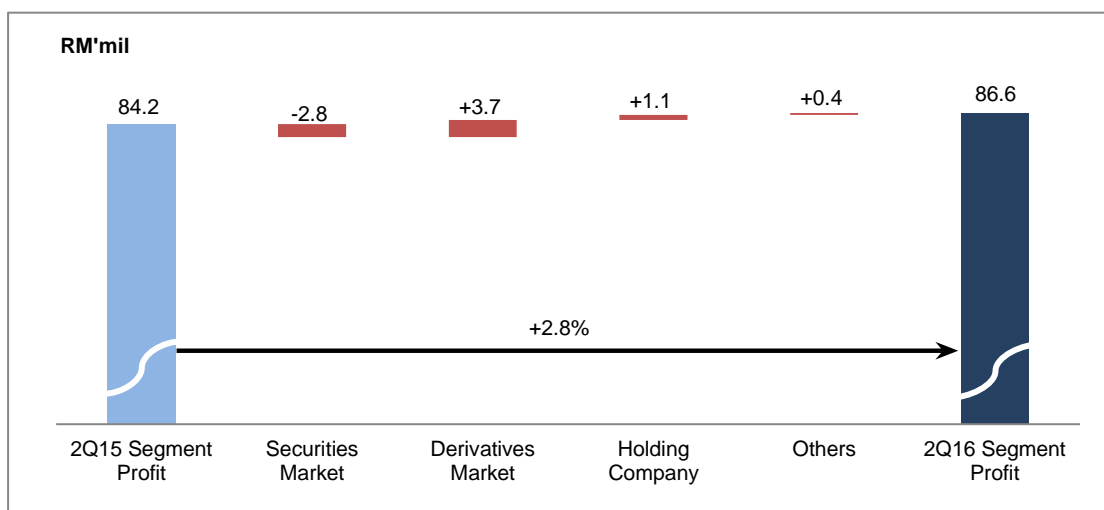
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**22. OPERATING SEGMENTS REVIEW**

**(a) 2Q16 vs. 2Q15**

Profit before tax ("PBT") was at RM69.4 million for both quarters ended 30 June 2016 ("2Q16") and 30 June 2015 ("2Q15"). PBT is made up of segment profits less overheads (as depicted in Note 11).

Total segment profit for 2Q16 was RM86.6 million, an increase of 2.8 per cent from RM84.2 million in 2Q15. The movements in the segment profits are depicted in the graph below:

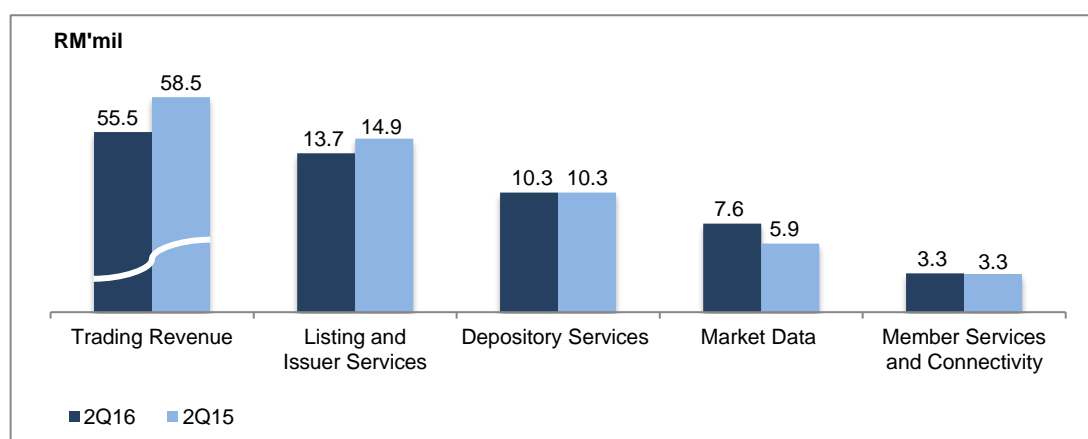


**Securities Market**

The Securities Market recorded a segment profit of RM71.0 million in 2Q16, a decrease of 3.8 per cent compared to RM73.8 million in 2Q15.

**(i) Operating Revenue**

The Securities Market operating revenue for 2Q16 was RM90.4 million, representing a decrease of 2.7 per cent compared to RM92.9 million in 2Q15. The details by revenue category are shown in the chart below:





**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**22. OPERATING SEGMENTS REVIEW (CONT'D.)**

**(a) 2Q16 vs. 2Q15 (Cont'd.)**

**Securities Market (Cont'd.)**

**(i) Operating Revenue (Cont'd.)**

- > Trading revenue decreased by 5.1 per cent to RM55.5 million in 2Q16. 2Q16 saw a lower Average Daily Value ("ADV") for On-Market Trades ("OMT") of RM1.84 billion compared to RM1.91 billion in 2Q15, whilst ADV for OMT and Direct Business Trades ("DBT") in 2Q16 and 2Q15 was at RM2.00 billion.
- > Listing and issuer services revenue decreased by 8.1 per cent to RM13.7 million in 2Q16. The decrease was mainly due to the lower initial and additional listing fees, as well as perusal and processing fees, earned from lower number of Initial Public Offering ("IPOs") and corporate exercises in 2Q16.
- > Market data revenue increased by 28.8 per cent to RM7.6 million in 2Q16 as a result of higher number of subscribers.

Key operating drivers in the Securities Market are as follows:

		<b>2Q16</b>	<b>2Q15</b>	<b>%</b>
FBM KLCI	(points)	1,654.08	1,706.64	-3
Average daily trading value (OMT and DBT)	(RM'billion)	2.00	2.00	-
Average daily trading volume (OMT and DBT)	(billion shares)	1.77	1.92	-8
Effective clearing fee rate	(basis points)	2.33	2.38	-2
Velocity	(per cent)	27	28	-4
Number of IPOs		3	5	-40
Number of new structured warrant listings		141	157	-10
Total funds raised:				
- IPOs	(RM'billion)	0.23	2.85	-92
- Secondary issues	(RM'billion)	5.69	2.11	170
Market capitalisation at end of period	(RM'billion)	1,660.34	1,659.02	-

**(ii) Operating Expenses**

Operating expenses increased by 2.4 per cent to RM22.7 million in 2Q16 mainly due to higher staff costs and CDS consumables expenses.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**22. OPERATING SEGMENTS REVIEW (CONT'D.)**

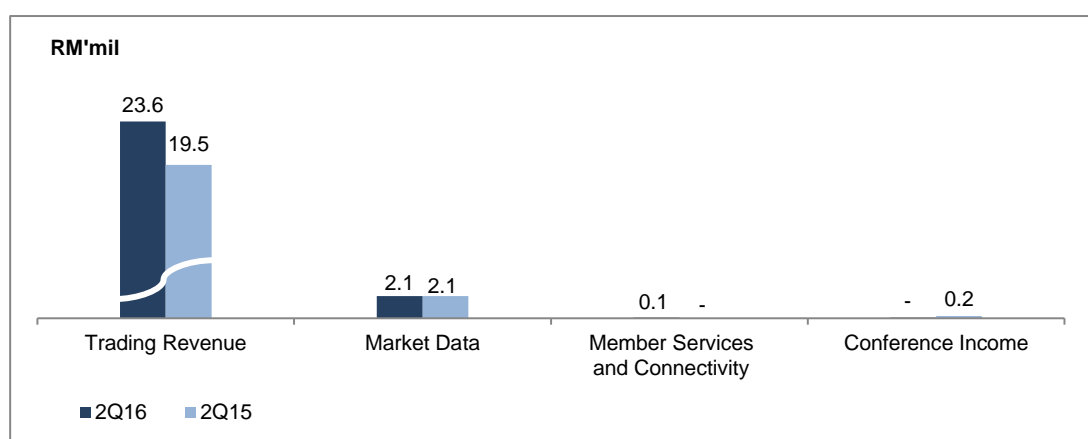
**(a) 2Q16 vs. 2Q15 (Cont'd.)**

**Derivatives Market**

The Derivatives Market recorded a segment profit of RM14.7 million in 2Q16, an increase of 33.4 per cent compared to RM11.0 million in 2Q15 due to higher trading volume.

**(i) Operating Revenue**

The Derivatives Market operating revenue for 2Q16 was RM25.8 million, representing an increase of 18.0 per cent compared to RM21.8 million in 2Q15. The increase mainly arose from trading revenue, as shown in the chart below:



- > Trading revenue increased by 20.8 per cent to RM23.6 million in 2Q16 as a result of higher number of contracts traded. 3.88 million contracts were traded in 2Q16 compared to 3.19 million contracts in 2Q15.

Key operating drivers in the Derivatives Market are as follows:

		<b>2Q16</b>	<b>2Q15</b>	<b>%</b>
FCPO contracts	(million)	3.17	2.53	25
FKLI contracts	(million)	0.70	0.65	8
Other contracts	(million)	0.01	0.01	-
<b>Total</b>	<b>(million)</b>	<b>3.88</b>	<b>3.19</b>	<b>22</b>
Daily average contracts		61,611	50,612	22
Average number of open interest position		310,480	216,794	43

**(ii) Operating Expenses**

Segment expenses increased by 2.9 per cent to RM11.6 million in 2Q16 mainly due to higher service fees.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**22. OPERATING SEGMENTS REVIEW (CONT'D.)**

**(a) 2Q16 vs. 2Q15 (Cont'd.)**

**Exchange Holding Company**

The Exchange Holding Company segment loss improved by 37.0 per cent to RM1.9 million in 2Q16 from RM3.0 million in 2Q15 mainly due to higher investment income earned and lower staff costs in 2Q16.

**Others**

This segment is made up of Bursa Suq Al-Sila ("BSAS") business, bonds trading and offshore exchange. The segment profit increased by 15.9 per cent to RM2.8 million in 2Q16 from RM2.4 million in 2Q15 due to the increasing usage of BSAS following the adoption of the Murabaha concept.

**Overheads**

Overheads increased by 16.4 per cent to RM17.1 million in 2Q16 compared to RM14.7 million in 2Q15 mainly due to higher staff costs and professional fees.

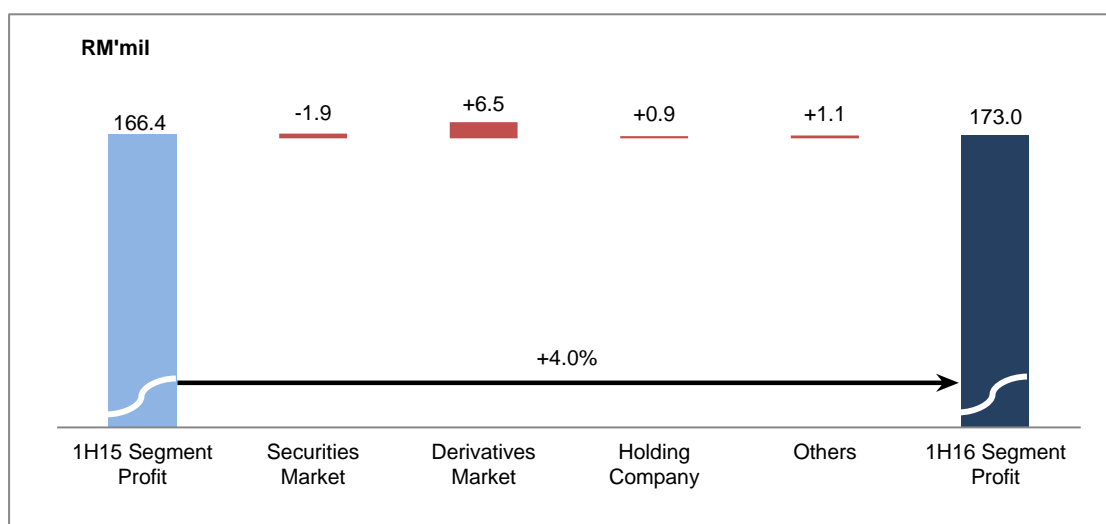
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**22. OPERATING SEGMENTS REVIEW (CONT'D.)**

**(b) 1H16 vs. 1H15**

PBT for the six months ended 30 June 2016 ("1H16") was RM140.0 million, an increase of 2.7 per cent from RM136.3 million in the six months ended 30 June 2015 ("1H15"). PBT is made up of segment profits less overheads.

Total segment profit for 1H16 was RM173.0 million, an increase of 4.0 per cent from RM166.4 million in 1H15. The movements in the segment profits are depicted in the graph below:

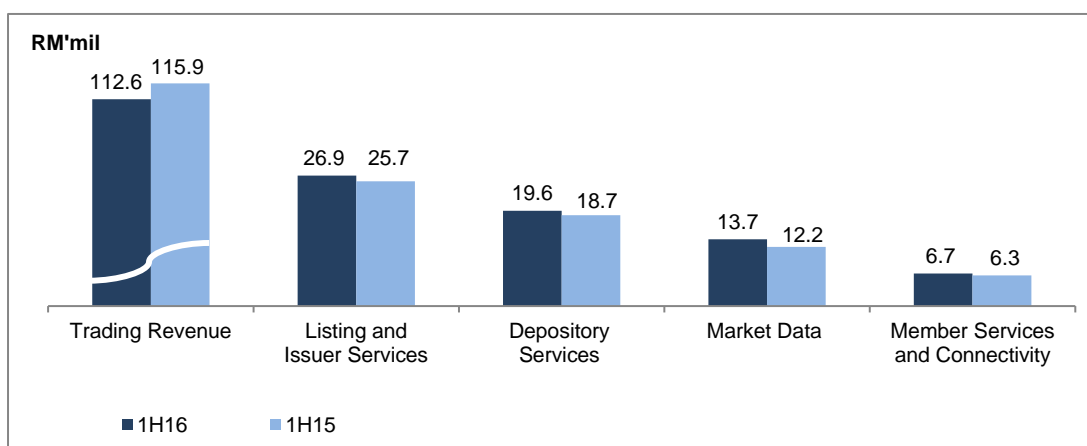


**Securities Market**

The Securities Market recorded a segment profit of RM140.2 million in 1H16, a decrease of 1.4 per cent compared to RM142.1 million in 1H15. The lower profit in 1H16 was mainly due to higher operating expenses compared to 1H15.

**(i) Operating Revenue**

The Securities Market operating revenue for 1H16 was RM179.5 million, representing an increase of 0.4 per cent compared to RM178.9 million in 1H15. The details by revenue category are shown in the chart below:



**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**22. OPERATING SEGMENTS REVIEW (CONT'D.)**

**(b) 1H16 vs. 1H15 (Cont'd.)**

**Securities Market (Cont'd.)**

**(i) Operating Revenue (Cont'd.)**

- > Trading revenue decreased by 2.9 per cent to RM112.6 million in 1H16. 1H16 saw a lower ADV for OMT and DBT of RM2.03 billion compared to RM2.09 billion in 1H15.
- > Listing and issuer services revenue increased by 4.7 per cent to RM26.9 million in 1H16. The increase was mainly due to the higher initial and additional listing fees from a one-off fee earned from the transfer of listing status and higher number of corporate exercises in 1H16.
- > Depository services revenue increased by 4.8 per cent to RM19.6 million in 1H16. The increase was mainly due to higher CDS custody fees, Securities Borrowing and Lending fees and Records Of Depositor ("ROD") fees.
- > Market data revenue increased by 12.3 per cent to RM13.7 million in 1H16 as a result of higher number of subscribers.

Key operating drivers in the Securities Market are as follows:

		<b>1H16</b>	<b>1H15</b>	<b>%</b>
FBM KLCI	(points)	1,654.08	1,706.64	-3
Average daily trading value (OMT and DBT)	(RM'billion)	2.03	2.09	-3
Average daily trading volume (OMT and DBT)	(billion shares)	1.82	2.01	-9
Effective clearing fee rate	(basis points)	2.35	2.34	-
Velocity	(per cent)	28	29	-3
Number of IPOs		5	5	-
Number of new structured warrant listings		316	329	-4
Total funds raised:				
- IPOs	(RM'billion)	0.40	2.85	-86
- Secondary issues	(RM'billion)	7.06	8.11	-13
Market capitalisation at end of period	(RM'billion)	1,660.34	1,659.02	-

**(ii) Operating Expenses**

Segment expenses increased by 6.9 per cent to RM46.3 million in 1H16 mainly due to higher staff costs, CDS consumables expenses and depreciation expenses following the replacement of Bursa Link System in April 2015.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**22. OPERATING SEGMENTS REVIEW (CONT'D.)**

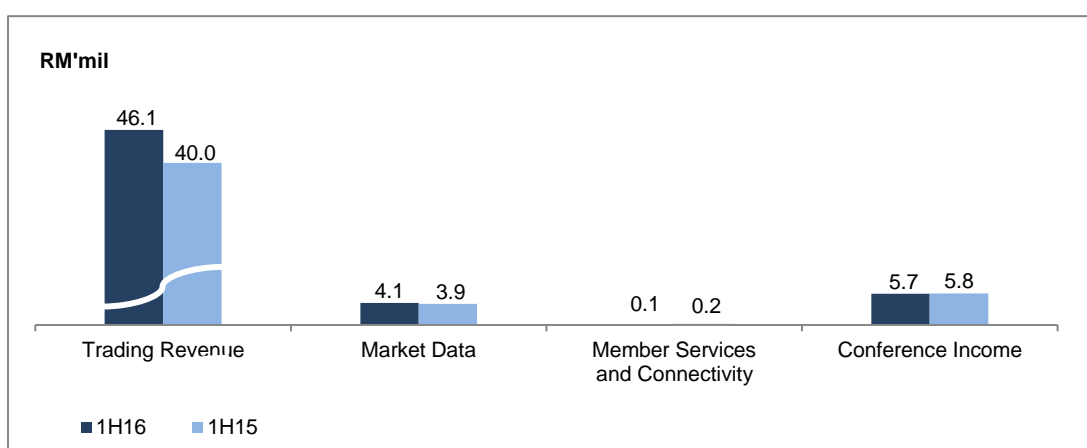
**(b) 1H16 vs. 1H15 (Cont'd.)**

**Derivatives Market**

The Derivatives Market recorded a segment profit of RM31.2 million in 1H16, an increase of 26.2 per cent compared to RM24.7 million in 1H15 due to higher trading volume.

**(i) Operating Revenue**

The Derivatives Market operating revenue for 1H16 was at RM56.0 million, representing an increase of 12.0 per cent compared to RM49.9 million in 1H15. The increase mainly arose from trading revenue, as shown in the chart below:



- > Trading revenue increased by 15.1 per cent to RM46.1 million in 1H16 as a result of higher number of contracts traded. 7.35 million contracts were traded in 1H16 compared to 6.75 million contracts in 1H15.

Key operating drivers in the Derivatives Market are as follows:

		1H16	1H15	%
FCPO contracts	(million)	5.84	5.45	7
FKLI contracts	(million)	1.48	1.27	17
Other contracts	(million)	0.03	0.03	-
Total	(million)	7.35	6.75	9
Daily average contracts		59,790	55,314	8
Average number of open interest position		285,023	220,860	29

**(ii) Operating Expenses**

Segment expenses decreased by 1.1 per cent to RM26.0 million in 1H16 mainly due to lower staff costs.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**22. OPERATING SEGMENTS REVIEW (CONT'D.)**

**(b) 1H16 vs. 1H15 (Cont'd.)**

**Exchange Holding Company**

The Exchange Holding Company segment loss improved by 17.0 per cent to RM4.5 million in 1H16 from RM5.4 million in 1H15 as a result of higher investment income earned in 1H16.

**Others**

This segment is made up of BSAS business, bonds trading and offshore exchange. The segment profit increased by 22.8 per cent to RM6.1 million in 1H16 from RM5.0 million in 1H15 due to the increasing usage of BSAS following the adoption of the Murabaha concept.

**Overheads**

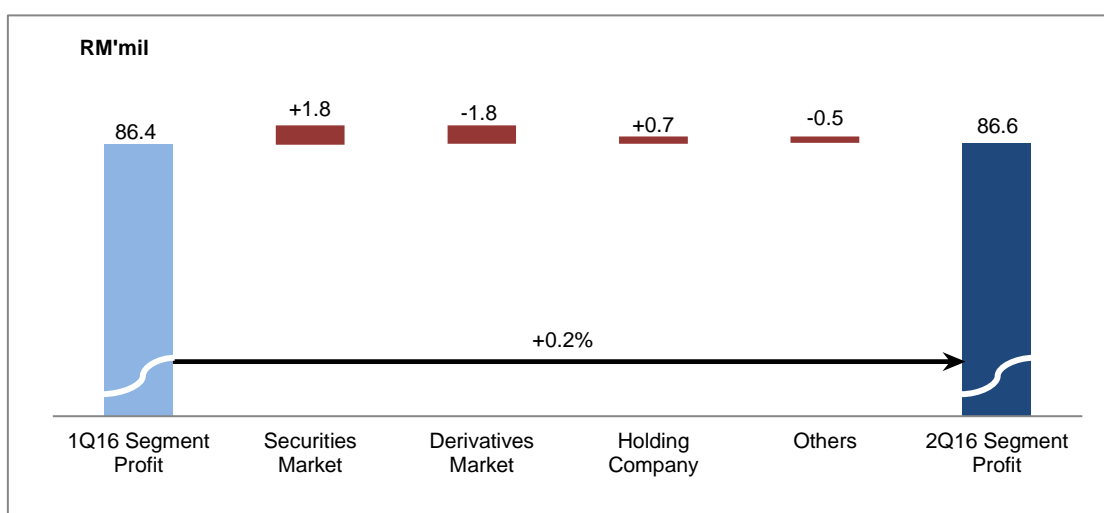
Overheads increased by 9.6 per cent to RM33.0 million in 1H16 compared to RM30.1 million in 1H15 mainly due to higher staff cost and professional fees.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**23. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER**

PBT for 2Q16 was RM69.4 million, a decrease of 1.6 per cent from RM70.6 million in the quarter ended 31 March 2016 ("1Q16"). PBT is made up of segment profits less overheads.

Total segment profit remained stable at RM86 million in 2Q16 and 1Q16. The quarter on quarter movements in the segment profits are depicted in the graph below:

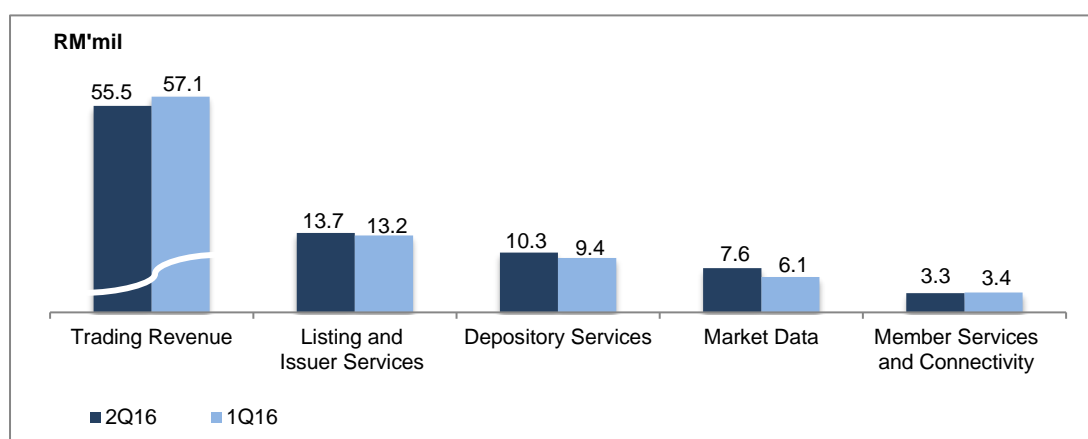


**Securities Market**

The Securities Market recorded a segment profit of RM71.0 million in 2Q16, an increase of 2.6 per cent compared to RM69.2 million in 1Q16. The higher profit in 2Q16 was mainly a result of higher operating revenue compared to 1Q16.

**(i) Operating Revenue**

The Securities Market operating revenue for 2Q16 was RM90.4 million, representing an increase of 1.4 per cent compared to RM89.2 million in 1Q16. The details by revenue category are shown in the chart below:





**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**23. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (CONT'D.)**

**Securities Market (Cont'd.)**

**(i) Operating Revenue (Cont'd.)**

- > Trading revenue decreased by 2.8 per cent to RM55.5 million in 2Q16. 2Q16 saw a lower average daily value for OMT and DBT of RM2.00 billion compared to RM2.07 billion in 1Q16, and a lower effective clearing fee rate of 2.33 basis points (1Q16: 2.38 basis points) resulting from lower retail participation.
- > Depository services increased by 9.6 per cent to RM10.3 million in 2Q16 mainly due to higher ROD fees.
- > Market data revenue increased by 24.6 per cent to RM7.6 million in 2Q16 as a result of lower number of subscribers and a fee waiver for previous years corporate announcement charges in 1Q16.

Key operating drivers in the Securities Market are as follows:

		<b>2Q16</b>	<b>1Q16</b>	<b>%</b>
FBM KLCI	(points)	1,654.08	1,717.58	-4
Average daily trading value (OMT and DBT)	(RM'billion)	2.00	2.07	-3
Average daily trading volume (OMT and DBT)	(billion shares)	1.77	1.88	-6
Effective clearing fee rate	(basis points)	2.33	2.38	-2
Velocity	(per cent)	27	29	-7
Number of IPOs		3	2	50
Number of new structured warrant listings		141	175	-19
Total funds raised:				
- IPOs	(RM'billion)	0.23	0.17	35
- Secondary issues	(RM'billion)	5.69	1.37	315
Market capitalisation at end of period	(RM'billion)	1,660.34	1,707.44	-3

**(ii) Operating Expenses**

Segment expenses decreased by 3.5 per cent to RM22.7 million in 2Q16 mainly due to lower information subscription costs and CDS consumables expenses in 2Q16.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

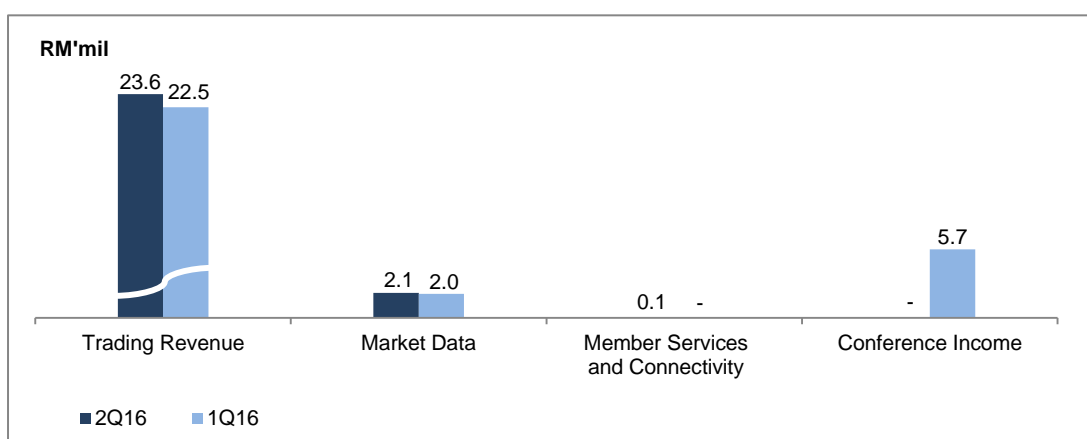
**23. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (CONT'D.)**

**Derivatives Market**

The Derivatives Market recorded a segment profit of RM14.7 million for 2Q16, a decrease of 11.0 per cent compared to RM16.5 million in 1Q16. The lower profit in 2Q16 was mainly due to the conference income earned in 1Q16 from Palm and Lauric Oils Price Outlook Conference & Exhibition 2016 ("POC").

**(i) Operating Revenue**

The Derivatives Market operating revenue for 2Q16 was RM25.8 million, representing a decrease of 14.6 per cent compared to RM30.2 million in 1Q16. The decrease mainly due to conference income, as shown in the chart below:



- > Trading revenue increased by 4.9 per cent to RM23.6 million in 2Q16 as a result of higher number of contracts traded. 3.88 million contracts were traded in 2Q16 compared to 3.47 million contracts in 1Q16.

Key operating drivers in the Derivatives Market are as follows:

		<b>2Q16</b>	<b>1Q16</b>	<b>%</b>
FCPO contracts	(million)	3.17	2.67	19
FKLI contracts	(million)	0.70	0.78	-10
Other contracts	(million)	0.01	0.02	-50
<b>Total</b>	<b>(million)</b>	<b>3.88</b>	<b>3.47</b>	<b>12</b>
Daily average contracts		61,611	57,878	6
Average number of open interest position		310,480	259,565	20

**(ii) Operating Expenses**

Segment expenses decreased by 19.4 per cent to RM11.6 million in 2Q16 compared to RM14.4 million in 1Q16 mainly due to expenses incurred for POC in 1Q16.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**23. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER  
COMPARED WITH PRECEDING QUARTER (CONT'D.)**

**Exchange Holding Company**

The Exchange Holding Company segment loss improved by 28.8 per cent to RM1.9 million in 2Q16 from RM2.6 million in 1Q16 mainly due to the reversal of unrealised foreign exchange gain on dividends received in USD in 1Q16.

**Others**

This segment is made up of BSAS business, bonds trading and offshore exchange. The segment profit decreased by 17.4 per cent to RM2.8 million in 2Q16 from RM3.3 million in 1Q16 mainly due to the lower trades on BSAS.

**Overheads**

Overheads increased by 8.3 per cent to RM17.1 million in 2Q16 compared to RM15.8 million in 1Q16 mainly due to higher professional fees incurred.

#### **24. COMMENTARY ON PROSPECTS AND TARGETS**

The global economic conditions are expected to remain increasingly challenging given the uncertainty over the pace of recovery in major global economies as well as the impact of Brexit. The International Monetary Fund just revised its 2016 global growth projection to 3.1% compared to its earlier forecast of 3.2%. The World Bank however, maintains Malaysia's growth projection to be at 4.4% for 2016, on the back of the country's resilient economic fundamentals. The recent reduction in the Overnight Policy Rate ("OPR") by Bank Negara Malaysia is expected to provide support to the local economy where Malaysia's growth for 2016 is expected to remain between 4.0% to 4.5%.

The second quarter saw reversals in foreign funds from the Malaysian equity market after a strong inflow in the first quarter of the year. The Securities Market performance continues to be influenced by global and local economic and market conditions. Nonetheless, domestic liquidity will continue to provide support to the equity market given the country's strong economic fundamentals and sound financial system. The Derivatives Market activities will continue to be spurred by the volatility in commodity prices and FBM KLCI, while transactions on Bursa Suq Al-Sila' ("BSAS") are expected to be sustained with the demand for Murabaha contracts to aid liquidity management.

Given the above factors, the Exchange remains cautiously optimistic on its performance for the year, and is committed with its initiatives in making the Malaysian equity and derivatives markets more attractive and vibrant.

**BURSA MALAYSIA BERHAD (30632-P)**  
(Incorporated in Malaysia)

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**25. INCOME TAX EXPENSE**

RM'000	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Income tax	18,362	18,906	36,559	36,105
Deferred tax	(660)	(466)	(851)	26
<b>Total income tax expense</b>	<b>17,702</b>	<b>18,440</b>	<b>35,708</b>	<b>36,131</b>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the period.

The effective tax rate of the Group for the current and previous corresponding quarters were higher than the statutory tax rate of the respective years principally due to certain expenses which were not deductible for tax purposes.

**26. RETAINED EARNINGS**

RM'000	As at	As at
	30.06.2016	31.12.2015
Realised	340,678	332,389
Unrealised	148	1,018
	340,826	333,407
Consolidation adjustments	(19,485)	(14,582)
<b>Total retained earnings</b>	<b>321,341</b>	<b>318,825</b>

**27. CORPORATE PROPOSALS**

There were no corporate proposals announced but not completed as at the reporting date.

**28. BORROWINGS AND DEBT SECURITIES**

As at the reporting date, there were no short-term borrowings and the Group has not issued any debt securities.

**29. CHANGES IN MATERIAL LITIGATION**

There was no material litigation against the Group as at the reporting date.

**BURSA MALAYSIA BERHAD (30632-P)**  
(Incorporated in Malaysia)

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**30. PROPOSED DIVIDENDS**

Details of the interim dividends under the single-tier system approved and declared by the Board of Directors is as follows:

	<b>30.06.2016</b>	<b>30.06.2015</b>
Dividend for financial year ended	31 December 2016	31 December 2015
Interim dividend per share (single-tier)	17.0 sen	16.5 sen
Approved and declared on	25 July 2016	15 July 2015
Entitlement to dividends based on record of Depositors as at	9 August 2016	3 August 2015
Date payable	19 August 2016	12 August 2015

**31. EARNINGS PER SHARE (EPS)**

**(a) Basic EPS**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Profit attributable to the owners of the Company (RM'000)	49,475	49,489	99,411	96,544
Weighted average number of ordinary shares in issue ('000)	535,157	533,767	534,886	533,644
<b>Basic EPS (sen)</b>	<b>9.2</b>	<b>9.3</b>	<b>18.6</b>	<b>18.1</b>

**(b) Diluted EPS**

	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>	<b>30.06.2016</b>	<b>30.06.2015</b>
Profit attributable to owners of the Company (RM'000)	49,475	49,489	99,411	96,544
Weighted average number of ordinary shares in issue ('000)	535,157	533,767	534,886	533,644
Effect of dilution ('000)	2,454	2,366	2,598	2,365
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	537,611	536,133	537,484	536,009
<b>Diluted EPS (sen)</b>	<b>9.2</b>	<b>9.2</b>	<b>18.5</b>	<b>18.0</b>

**32. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The auditors' report on the financial statements for the financial year ended 31 December 2015 were unmodified.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**33. REVIEW BY EXTERNAL AUDITORS**

The Board of Directors ("Board") had engaged the external auditors to review and report on the condensed consolidated financial statements of Bursa Malaysia Berhad for the quarter and six months ended 30 June 2016 in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

The external auditors reported to the Board that nothing had come to their attention to cause them to believe that the said condensed consolidated financial statements were not prepared, in all material respects, in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. The report was made to the Board in accordance to the terms of reference with the external auditors and for no other purpose.

**34. AUTHORISED FOR ISSUE**

The condensed consolidated financial statements were authorised for issue by the Board in accordance with a resolution of the Directors on 25 July 2016.