



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

24 October 2016

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER AND NINE MONTHS ENDED 30 SEPTEMBER 2016

RM'000	Note	3 months ended		9 months ended	
		30.09.2016	30.09.2015	30.09.2016	30.09.2015
		Reviewed	Reviewed	Reviewed	Reviewed
Operating revenue	8	111,793	122,022	360,169	362,472
Other income	9	7,603	6,810	22,878	20,473
		119,396	128,832	383,047	382,945
Staff costs		(32,877)	(32,344)	(99,466)	(96,251)
Depreciation and amortisation		(6,065)	(5,984)	(18,145)	(17,670)
Other operating expenses	10	(18,852)	(18,613)	(63,804)	(60,800)
Profit before tax		61,602	71,891	201,632	208,224
Income tax expense	25	(15,653)	(18,266)	(51,361)	(54,397)
Profit for the period		45,949	53,625	150,271	153,827
Profit attributable to:					
Owners of the Company		44,043	51,466	143,454	148,010
Non-controlling interest		1,906	2,159	6,817	5,817
		45,949	53,625	150,271	153,827
Earnings Per Share ("EPS") attributable to owners of the Company (sen per share):					
Basic EPS	31(a)	8.2	9.6	26.8	27.7
Diluted EPS	31(b)	8.2	9.6	26.7	27.6

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 NINE MONTHS ENDED 30 SEPTEMBER 2016

RM'000	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
	Reviewed	Reviewed	Reviewed	Reviewed
Profit for the period	45,949	53,625	150,271	153,827
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
Gain/(Loss) on foreign currency translation	88	428	(101)	601
Net fair value changes in Available-For-Sale ("AFS") financial assets	-	22,751	-	38,757
Net fair value changes in unquoted bonds at Fair Value through Other Comprehensive Income ("FVOCI")	236	-	405	-
Income tax effects relating to AFS financial assets	-	19	-	22
Income tax effects relating to unquoted bonds at FVOCI	(20)	-	(42)	-
	304	23,198	262	39,380
Item that will not be subsequently reclassified to profit or loss:				
Net fair value changes in quoted shares at FVOCI	15,878	-	16,780	-
	15,878	-	16,780	-
Total other comprehensive income, net of income tax	16,182	23,198	17,042	39,380
Total comprehensive income	62,131	76,823	167,313	193,207
Total comprehensive income attributable to:				
Owners of the Company	60,225	74,664	160,496	187,390
Non-controlling interest	1,906	2,159	6,817	5,817
	62,131	76,823	167,313	193,207

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 SEPTEMBER 2016

RM'000	Note	As at 30.09.2016 Reviewed	As at 31.12.2015 Audited
Assets			
Property, plant and equipment		184,139	191,214
Computer software		45,760	52,873
Goodwill		42,957	42,957
Investment securities		220,581	203,401
Staff loans receivable		3,673	4,392
Deferred tax assets		2,885	2,307
Non-current assets		499,995	497,144
Trade receivables		46,372	48,674
Other receivables		15,532	23,042
Tax recoverable		7,702	3,327
Investment securities		20,044	30,048
Cash for equity margins, trading margins, security deposits, Securities Borrowing and Lending ("SBL") collaterals and eDividend distributions	13	1,315,142	1,087,526
Cash and bank balances of Clearing Funds	14	126,003	125,568
Cash and bank balances of the Group	15	263,387	271,126
Current assets		1,794,182	1,589,311
Total assets		2,294,177	2,086,455
Equity and liabilities			
Share capital		268,136	267,307
Share premium		119,052	107,443
Other reserves		123,365	109,875
Retained earnings	26	274,218	318,825
Equity attributable to owners of the Company		784,771	803,450
Non-controlling interest		16,077	16,018
Total equity		800,848	819,468
Retirement benefit obligations		25,404	26,112
Deferred grants		3,218	4,087
Deferred tax liabilities		2,784	3,333
Non-current liabilities		31,406	33,532
Trade payables	13	1,298,154	1,083,886
Participants' contributions to Clearing Funds	14	36,003	35,568
Other payables		118,706	107,297
Tax payable		9,060	6,704
Current liabilities		1,461,923	1,233,455
Total liabilities		1,493,329	1,266,987
Total equity and liabilities		2,294,177	2,086,455
Net assets per share attributable to owners of the Company (RM)		1.46	1.50

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)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2016

RM'000	Attributable to owners of the Company										Non-controlling interest	Total equity
	Non-distributable					Distributable						
	Share capital	Share premium	Capital redemption reserve	Foreign currency translation reserve	Share grant reserve	Clearing fund reserves	AFS reserve	FVOCI reserve	Retained earnings	Total		
At 1 January 2016	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)
At 1 January 2016 (restated)	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	-	-	-	-	-	-	-	-	143,454	143,454	6,817	150,271
Other comprehensive income, net of income tax	-	-	-	(101)	-	-	-	17,143	-	17,042	-	17,042
Total comprehensive income	-	-	-	(101)	-	-	-	17,143	143,454	160,496	6,817	167,313
Transactions with owners of the Company:												
Issuance of ordinary shares pursuant to Share Grant Plan ("SGP")	829	11,609	-	-	(12,438)	-	-	-	-	-	-	-
SGP expense	-	-	-	-	8,711	-	-	-	-	8,711	-	8,711
Dividends paid (Note 7)	-	-	-	-	-	-	-	-	(187,442)	(187,442)	-	(187,442)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(6,750)	(6,750)
At 30 September 2016	268,136	119,052	5,250	609	6,322	30,000	-	81,184	274,218	784,771	16,077	800,848
At 1 January 2015	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	-	-	-	-	-	-	-	-	148,010	148,010	5,817	153,827
Other comprehensive income, net of income tax	-	-	-	601	-	-	38,779	-	-	39,380	-	39,380
Total comprehensive income	-	-	-	601	-	-	38,779	-	148,010	187,390	5,817	193,207
Transactions with owners of the Company:												
Issuance of ordinary shares pursuant to SGP	547	7,379	-	-	(7,926)	-	-	-	-	-	-	-
SGP expense	-	-	-	-	8,434	-	-	-	-	8,434	-	8,434
Dividends paid (Note 7)	-	-	-	-	-	-	-	-	(184,290)	(184,290)	-	(184,290)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(5,825)	(5,825)
At 30 September 2015	267,307	107,443	5,250	805	8,004	30,000	72,487	-	268,938	760,234	13,993	774,227

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 NINE MONTHS ENDED 30 SEPTEMBER 2016

RM'000	Note	9 months ended	
		30.09.2016 Reviewed	30.09.2015 Reviewed
Cash flows from operating activities			
Profit before tax		201,632	208,224
Adjustments for:			
Depreciation and amortisation		18,145	17,670
Dividend income from investment securities	9	(1,977)	(1,480)
Grant income	9	(869)	(1,000)
Interest income	9	(15,113)	(13,505)
Loss on disposal on disposal of motor vehicle	9	-	345
Net amortisation of premiums		39	47
Net gain on disposal of investment securities	9	(47)	(95)
Net reversal of impairment loss on:			
Investment securities	10	(40)	-
Trade and other receivables	10	(304)	(119)
Property, plant and equipment written off	10	-	2
Retirement benefit obligations		989	1,027
SGP expense		8,711	8,434
Unrealised loss/(gain) on foreign exchange differences		515	(359)
Operating profit before working capital changes		211,681	219,191
Decrease/(Increase) in receivables		2,344	(10,024)
(Decrease)/Increase in other payables		(606)	10,959
Cash generated from operations		213,419	220,126
Staff loans repaid		620	1,023
Retirement benefits paid		(1,697)	(1,794)
Net tax paid		(54,350)	(51,441)
Net cash from operating activities		157,992	167,914
Cash flows from investing activities			
Dividends received		7,603	945
Increase in deposits not for short-term funding requirements		(112,920)	-
Interest received		16,176	13,432
Proceeds from disposal of investment securities		35,011	53,553
Purchases of investment securities		(24,954)	(26,453)
Proceeds from disposal of motor vehicle		-	283
Purchases of property, plant and equipment and computer software		(5,272)	(11,519)
Net cash (used in)/from investing activities		(84,356)	30,241
Cash flows from financing activities			
Dividends paid	7	(187,442)	(184,290)
Dividends paid by a subsidiary to non-controlling interest		(6,750)	(5,825)
Net cash used in financing activities		(194,192)	(190,115)
Net (decrease)/increase in cash and cash equivalents		(120,556)	8,040
Effect of exchange rate changes		(103)	618
Cash and cash equivalents at beginning of period		264,058	214,367
Cash and cash equivalents at end of period	15	143,399	223,025

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 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 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 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 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 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 this Standard 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 the provisions in the Standard, while the hedge accounting requirements under this Standard are not relevant to the Group. In accordance with the transition requirements under paragraph 7.2.15 of this Standard, comparatives are not restated and the financial impact of 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 into 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 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 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 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 as at 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
Financial assets:					
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 margins, 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 margins, trading margins, security deposits and eDividend distributions that have previously been classified as loans 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 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
Investment securities - AFS	233,449	(233,449)	-	-
Investment securities - FVOCI	-	233,449	-	233,449
Deferred tax assets:				
Opening balance	2,307	-	-	2,307
Deferred tax relating to loss allowance	-	-	198	198
Total deferred tax assets	2,307	-	198	2,505
Trade receivables:				
Opening balance	48,674	-	-	48,674
Increase in loss allowance*	-	-	(650)	(650)
Total trade receivables	48,674	-	(650)	48,024
Retained earnings:				
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
Total retained earnings	318,825	-	(619)	318,206
AFS reserve	63,866	(63,866)	-	-
FVOCI reserve:				
Opening balance	-	63,866	-	63,866
Fair value changes arising from the increase in loss allowance	-	-	175	175
Total FVOCI reserve	-	63,866	175	64,041
Non-controlling interest:				
Opening balance	16,018	-	-	16,018
Increase in loss allowance for trade receivables	-	-	(10)	(10)
Deferred tax relating to loss allowance	-	-	2	2
Total non-controlling interest	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 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 made 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 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 financial periods beginning on or after 1 January 2018

Amendments to MFRS 2 Share-based Payment - *Classification and Measurement of Share-based Payment transactions*

Effective for 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 Standard described below, for which the effects of its 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 nine months ended 30 September 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 nine months ended 30 September 2016.

6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the quarter and nine months ended 30 September 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;
- (ii) On 28 April 2016, the Company issued 416,000 new ordinary shares of RM0.50 each pursuant to the SGP;
and
- (ii) On 13 July 2016, the Company issued 992,100 new ordinary shares of RM0.50 each pursuant to the SGP.

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

7. DIVIDENDS PAID

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

	30.09.2016	30.09.2015
Interim dividend		
For the financial year ending/ended	31 December 2016	31 December 2015
Approved and declared on	25 July 2016	15 July 2015
Date paid	19 August 2016	12 August 2015
Number of ordinary shares on which dividends were paid ('000)	536,272	534,614
Dividend per share (single-tier)	17.0 sen	16.5 sen
Net dividend paid (RM'000)	91,166	88,211
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

8. OPERATING REVENUE

RM'000	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Clearing fees	40,855	45,641	130,268	138,027
Trade fees	5,309	5,991	17,055	18,157
Others	5,167	5,691	16,608	17,078
Total Securities trading revenue	51,331	57,323	163,931	173,262
Clearing fees	4,654	5,254	14,816	14,218
Trade fees	11,811	14,414	37,463	38,249
Others	4,321	4,313	14,562	11,540
Total Derivatives trading revenue	20,786	23,981	66,841	64,007
Bursa Suq Al-Sila ("BSAS") trading revenue	3,738	4,264	12,564	11,767
Listing and issuer services	12,529	12,632	39,529	38,424
Depository services	9,626	9,999	29,231	28,715
Market data	8,571	8,701	26,476	24,882
Member services and connectivity	5,212	5,122	15,845	15,569
Others	-	-	5,752	5,846
	39,676	40,718	129,397	125,203
Total operating revenue	111,793	122,022	360,169	362,472

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

8. OPERATING REVENUE (CONT'D.)

(a) Disaggregation of revenue

The following table illustrates the Group's revenue as disaggregated by major products or services and provides 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
3 months ended 30 September 2016					
Major products or services:					
- Securities trading revenue	51,331	-	-	-	51,331
- Derivatives trading revenue	-	20,786	-	-	20,786
- BSAS trading revenue	-	-	-	3,738	3,738
- Listing and issuer services	12,485	-	-	44	12,529
- Depository services	9,626	-	-	-	9,626
- Market data	6,468	2,043	-	60	8,571
- Member services and connectivity	3,213	44	1,918	37	5,212
	83,123	22,873	1,918	3,879	111,793
Timing of revenue recognition:					
- At a point in time	70,959	21,867	-	3,795	96,621
- Over time	12,164	1,006	1,918	84	15,172
	83,123	22,873	1,918	3,879	111,793
9 months ended 30 September 2016					
Major products or services:					
- Securities trading revenue	163,926	-	-	5	163,931
- Derivatives trading revenue	-	66,841	-	-	66,841
- BSAS trading revenue	-	-	-	12,564	12,564
- Listing and issuer services	39,384	-	-	145	39,529
- Depository services	29,231	-	-	-	29,231
- Market data	20,174	6,125	-	177	26,476
- Member services and connectivity	9,941	128	5,665	111	15,845
- Others	-	5,752	-	-	5,752
	262,656	78,846	5,665	13,002	360,169
Timing of revenue recognition:					
- At a point in time	226,185	75,855	-	12,752	314,792
- Over time	36,471	2,991	5,665	250	45,377
	262,656	78,846	5,665	13,002	360,169

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

9. OTHER INCOME

RM'000	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Interest income from:				
- Investments	4,799	4,380	14,983	13,303
- Others	40	53	130	202
Dividend income	651	517	1,977	1,480
Grant income	300	279	869	1,000
Loss on disposal of motor vehicle	-	-	-	(345)
Net gain on disposal of investment securities	47	-	47	95
Rental income	1,660	1,533	4,740	4,596
Miscellaneous income	106	48	132	142
Total other income	7,603	6,810	22,878	20,473

10. OTHER OPERATING EXPENSES

RM'000	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Administrative expenses	1,606	1,573	5,251	5,064
Building management expenses	2,932	2,766	8,712	8,213
Central Depository System ("CDS") consumables	801	900	3,041	2,717
Marketing and development expenses	1,438	463	7,970	7,534
Net impairment loss/(reversal of impairment loss) on:				
- Investment securities	54	-	(40)	-
- Trade and other receivables	(132)	25	(304)	(119)
Professional fees	703	571	2,958	875
Property, plant and equipment written off	-	-	-	2
Technology charges:				
- Information technology maintenance	4,092	3,798	12,532	12,568
- Service fees	5,137	6,321	16,960	17,144
Net loss/(gain) on foreign exchange differences	11	(192)	695	(179)
Miscellaneous expenses	2,210	2,388	6,029	6,981
Total other operating expenses	18,852	18,613	63,804	60,800

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. SEGMENTAL INFORMATION

RM'000	Securities Market	Derivatives Market	Exchange Holding Company	Others	Consolidated
RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2016					
Operating revenue	83,123	22,873	1,918	3,879	111,793
Other income	3,188	619	3,759	37	7,603
Direct costs	(22,047)	(10,548)	(6,208)	(1,502)	(40,305)
Segment profit/(loss)	64,264	12,944	(531)	2,414	79,091
Overheads					(17,489)
Profit/(Loss) before tax	64,264	12,944	(531)	2,414	61,602

RESULTS FOR 3 MONTHS ENDED 30 SEPTEMBER 2015					
Operating revenue	90,021	25,835	1,779	4,387	122,022
Other income	3,103	495	3,138	74	6,810
Direct costs	(20,873)	(12,602)	(7,560)	(1,388)	(42,423)
Segment profit/(loss)	72,251	13,728	(2,643)	3,073	86,409
Overheads					(14,518)
Profit/(Loss) before tax	72,251	13,728	(2,643)	3,073	71,891

RESULTS FOR 9 MONTHS ENDED 30 SEPTEMBER 2016					
Operating revenue	262,656	78,846	5,665	13,002	360,169
Other income	10,121	1,820	10,764	173	22,878
Direct costs	(68,349)	(36,519)	(21,471)	(4,619)	(130,958)
Segment profit/(loss)	204,428	44,147	(5,042)	8,556	252,089
Overheads					(50,457)
Profit/(Loss) before tax	204,428	44,147	(5,042)	8,556	201,632

RESULTS FOR 9 MONTHS ENDED 30 SEPTEMBER 2015					
Operating revenue	268,871	75,797	5,620	12,184	362,472
Other income	9,694	1,523	9,038	218	20,473
Direct costs	(64,200)	(38,859)	(22,739)	(4,327)	(130,125)
Segment profit/(loss)	214,365	38,461	(8,081)	8,075	252,820
Overheads					(44,596)
Profit/(Loss) before tax	214,365	38,461	(8,081)	8,075	208,224

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. SEGMENTAL INFORMATION (CONT'D.)

RM'000	Securities Market	Derivatives Market	Exchange Holding Company	Others	Consolidated
ASSETS AND LIABILITIES					
AS AT 30 SEPTEMBER 2016					
Assets	339,718	112,483	358,823	31,421	842,445
Clearing Funds	98,128	27,875	-	-	126,003
Cash for equity margins, trading margins, security deposits, SBL collaterals and eDividend distributions	109,720	1,205,422	-	-	1,315,142
Segment assets	547,566	1,345,780	358,823	31,421	2,283,590
Unallocated corporate assets					10,587
Total assets	547,566	1,345,780	358,823	31,421	2,294,177
Liabilities	37,554	11,553	66,486	14,747	130,340
Participants' contributions to Clearing Funds	13,128	22,875	-	-	36,003
Equity margins and trading margins, SBL collaterals and eDividend distributions	109,720	1,205,422	-	-	1,315,142
Segment liabilities	160,402	1,239,850	66,486	14,747	1,481,485
Unallocated corporate liabilities					11,844
Total liabilities	160,402	1,239,850	66,486	14,747	1,493,329

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

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 MARGINS, TRADING MARGINS, SECURITY DEPOSITS, SBL COLLATERALS AND eDIVIDEND DISTRIBUTIONS

RM'000	As at 30.09.2016
Equity margins, trading margins and security deposits, representing trade payables	1,298,154
Received for eDividend distributions (included in other payables)	16,988
Total cash for equity margins, trading margins, security deposits and eDividend distributions	1,315,142

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

RM'000	As at 30.09.2016
Collaterals in the form of letters of credit	667,370
Collaterals in the form of shares	403
	667,773

14. CASH AND BANK BALANCES OF CLEARING FUNDS

RM'000	Participants' contributions	Cash set aside by the Group	As at 30.09.2016
Contributions from Trading Clearing Participants ("TCPs") of Bursa Malaysia Securities Clearing Sdn Bhd ("BMSC")	13,128	-	13,128
Contribution from BMSC	-	25,000	25,000
Additional cash resources from BMSC	-	60,000	60,000
Clearing Guarantee Fund ("CGF") contributions (Note a)	13,128	85,000	98,128
Contributions from Clearing Participants ("CPs") of Bursa Malaysia Derivatives Clearing Bhd ("BMDC")	22,875	-	22,875
Contribution from BMDC	-	5,000	5,000
Derivatives Clearing Fund ("DCF") contributions (Note b)	22,875	5,000	27,875
Total cash and bank balances of Clearing Funds	36,003	90,000	126,003

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

RM'000	As at 30.09.2016
Cash and bank balances	98,128
Bank guarantees from TCPs of BMSC	4,362
Total CGF	102,490

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

15. CASH AND BANK BALANCES OF THE GROUP

RM'000	As at 30.09.2016
Cash and bank balances	4,332
Deposits for short-term funding requirements	139,067
Cash and cash equivalents	143,399
Deposits not for short-term funding requirements	119,988
Total cash and bank balances	263,387

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:

RM'000	Approved and contracted for	Approved but not contracted for
Computers and office automation	5,215	453
Renovations	227	549
Total capital commitments	5,442	1,002

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 Berhad 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 nine months ended 30 September 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:

RM'000	As at 30.09.2016
Not later than 1 year	539
Later than 1 year and not later than 5 years	2,154
Later than 5 years	38,102
Total future minimum lease payments	40,795

(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:

RM'000	As at 30.09.2016
Not later than 1 year	152
Later than 1 year and not later than 2 years	12
Total future minimum lease payments	164

(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:

RM'000	As at 30.09.2016
Not later than 1 year	6,121
Later than 1 year and not later than 2 years	5,638
Later than 2 years and not later than 5 years	3,822
Total future minimum lease receivables	15,581

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 September 2016.

RM'000	Financial Assets at FVOCI	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
As at 30 September 2016				
Assets				
Investments securities				
- Quoted shares	165,447	-	-	165,447
- Unquoted bonds	75,178	-	-	75,178
	<u>240,625</u>	-	-	<u>240,625</u>
Staff loans receivable	-	4,276	-	4,276
Trade receivables	-	46,372	-	46,372
Other receivables which are financial assets *	-	8,352	-	8,352
Cash for equity margins, trading margins, security deposits, SBL collaterals and eDividend distributions	-	1,315,142	-	1,315,142
Cash and bank balances of Clearing Funds	-	126,003	-	126,003
Cash and bank balances of the Group	-	263,387	-	263,387
Total financial assets	240,625	1,763,532	-	2,004,157
Liabilities				
Trade payables	-	-	1,298,154	1,298,154
Participants' contributions to Clearing Funds	-	-	36,003	36,003
Other payables which are financial liabilities **	-	-	43,211	43,211
Total financial liabilities	-	-	1,377,368	1,377,368

* 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 the 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 September 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 September 2016.

RM'000	Level 1	Level 2	Total
Financial assets at FVOCI			
Quoted shares	165,447	-	165,447
Unquoted bonds	-	75,178	75,178
	165,447	75,178	240,625

There were no transfers between Level 1 and Level 2 during the quarter and nine months ended 30 September 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.

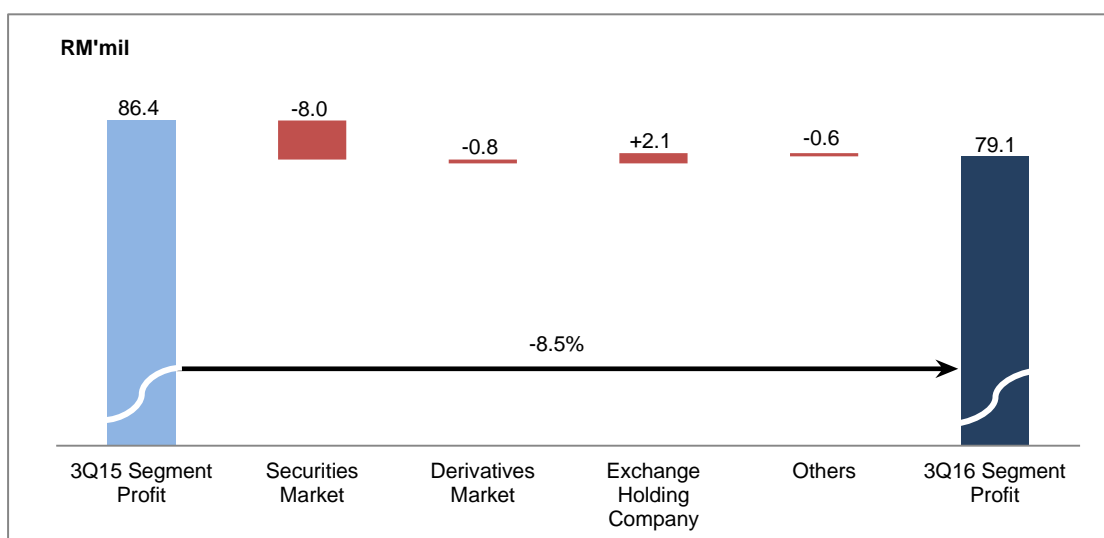
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

22. OPERATING SEGMENTS REVIEW

(a) 3Q16 vs. 3Q15

Profit before tax ("PBT") for the quarter ended 30 September 2016 ("3Q16") was RM61.6 million, a decrease of 14.3 per cent from RM71.9 million in the quarter ended 30 September 2015 ("3Q15"). PBT is made up of segment profits less overheads (as depicted in Note 11).

Total segment profit for 3Q16 was RM79.1 million, a decrease of 8.5 per cent from RM86.4 million in 3Q15. The movements in the segment profits are depicted in the graph below:

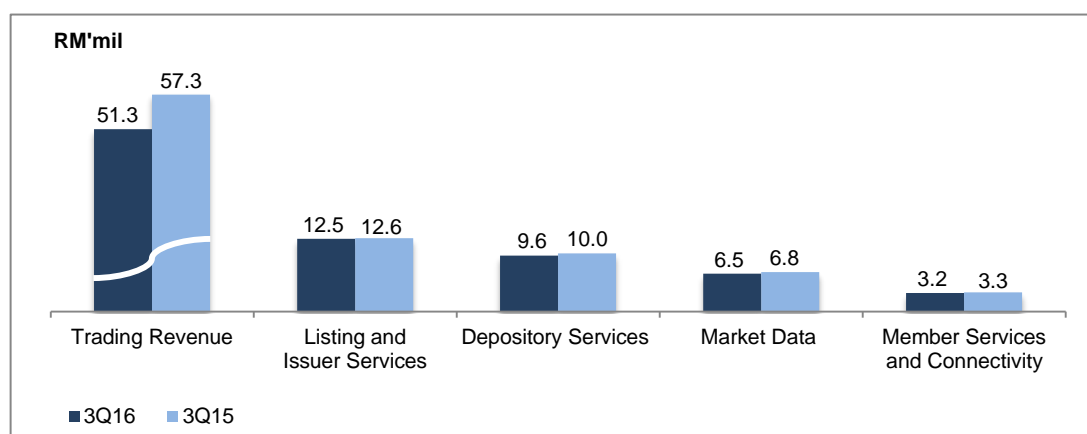


Securities Market

The Securities Market recorded a segment profit of RM64.3 million in 3Q16, a decrease of 11.1 per cent from RM72.3 million in 3Q15.

(i) Operating Revenue

The Securities Market operating revenue for 3Q16 was RM83.1 million, representing a decrease of 7.7 per cent from RM90.0 million in 3Q15. 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) 3Q16 vs. 3Q15 (Cont'd.)

Securities Market (Cont'd.)

(i) Operating Revenue (Cont'd.)

- > Trading revenue decreased by 10.5 per cent to RM51.3 million in 3Q16, with a lower Average Daily Value ("ADV") for On-Market Trades ("OMT") and Direct Business Trades ("DBT") of RM1.88 billion compared to RM2.01 billion in 3Q15.

Key operating drivers in the Securities Market are as follows:

		3Q16	3Q15	%
FBM KLCI	(points)	1,652.55	1,621.04	2
Average daily trading value (OMT and DBT)	(RM'billion)	1.88	2.01	-6
Average daily trading volume (OMT and DBT)	(billion shares)	1.87	1.90	-2
Effective clearing fee rate	(basis points)	2.38	2.38	-
Velocity	(per cent)	26	29	-10
Number of Initial Public Offering ("IPOs")		2	4	-50
Number of new structured warrant listings		156	149	5
Total funds raised:				
- IPOs	(RM'billion)	0.08	0.87	-91
- Secondary issues	(RM'billion)	0.56	1.23	-54
Market capitalisation at end of period	(RM'billion)	1,686.16	1,597.35	6

(ii) Operating Expenses

Operating expenses increased by 5.6 per cent to RM22.0 million in 3Q16 mainly due to higher staff costs.

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

22. OPERATING SEGMENTS REVIEW (CONT'D.)

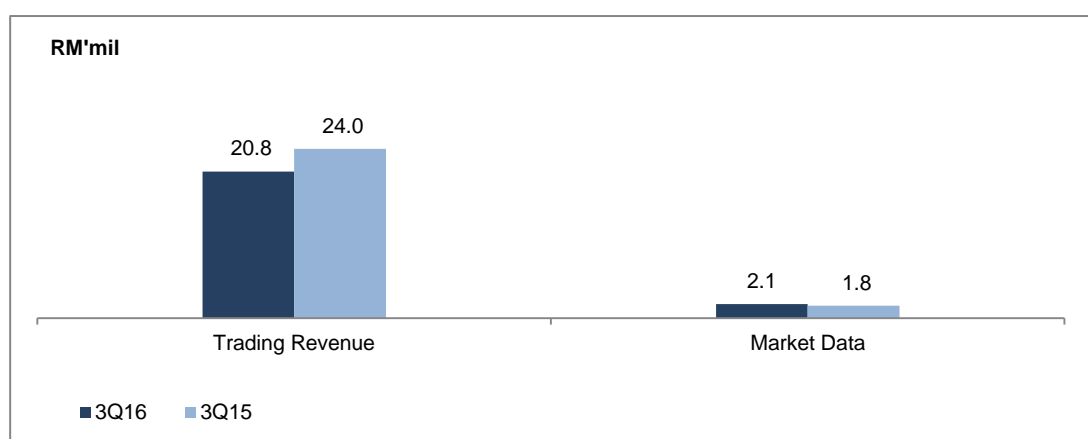
(a) 3Q16 vs. 3Q15 (Cont'd.)

Derivatives Market

The Derivatives Market recorded a segment profit of RM12.9 million in 3Q16, a decrease of 5.7 per cent from RM13.7 million in 3Q15 mainly due to lower trading volume.

(i) Operating Revenue

The Derivatives Market operating revenue for 3Q16 was RM22.9 million, representing a decrease of 11.5 per cent from RM25.8 million in 3Q15, mainly from trading revenue as shown in the chart below:



- > Trading revenue decreased by 13.3 per cent to RM20.8 million in 3Q16 as a result of lower number of contracts traded. 3.44 million contracts were traded in 3Q16 compared to 3.84 million contracts in 3Q15.

Key operating drivers in the Derivatives Market are as follows:

		3Q16	3Q15	%
FCPO contracts	(million)	2.82	2.82	-
FKLI contracts	(million)	0.61	1.00	-39
Other contracts	(million)	0.01	0.02	-50
Total	(million)	3.44	3.84	-10
Average daily number of contracts traded		56,459	61,954	-9
Average number of open interest position		259,266	251,293	3

(ii) Operating Expenses

Segment expenses decreased by 16.3 per cent to RM10.5 million in 3Q16 mainly due to lower service fees incurred as a result of lower trading volumes in 3Q16.

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

22. OPERATING SEGMENTS REVIEW (CONT'D.)

(a) 3Q16 vs. 3Q15 (Cont'd.)

Exchange Holding Company

The Exchange Holding Company segment loss improved by 79.9 per cent to RM0.5 million in 3Q16 as a result of higher investment income earned and lower staff costs.

Others

This segment is made up of BSAS business, bonds trading and offshore exchange. The segment profit decreased by 21.4 per cent to RM2.4 million in 3Q16 mainly due to the lower trades from BSAS.

Overheads

Overheads increased by 20.5 per cent to RM17.5 million in 3Q16 mainly due to higher staff costs and professional fees.

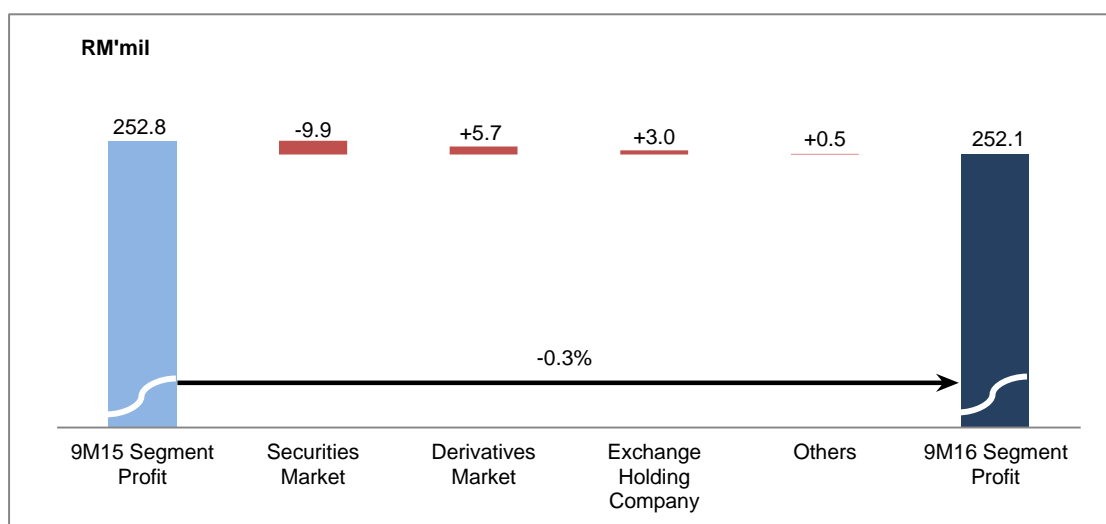
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

22. OPERATING SEGMENTS REVIEW (CONT'D.)

(b) 9M16 vs. 9M15

PBT for the nine months ended 30 September 2016 ("9M16") was RM201.6 million, a decrease of 3.2 per cent from RM208.2 million in the nine months ended 30 September 2015 ("9M15"). PBT is made up of segment profits less overheads.

Total segment profit for 9M16 was RM252.1 million, a decrease of 0.3 per cent from RM252.8 million in 9M15. The movements in the segment profits are depicted in the graph below:

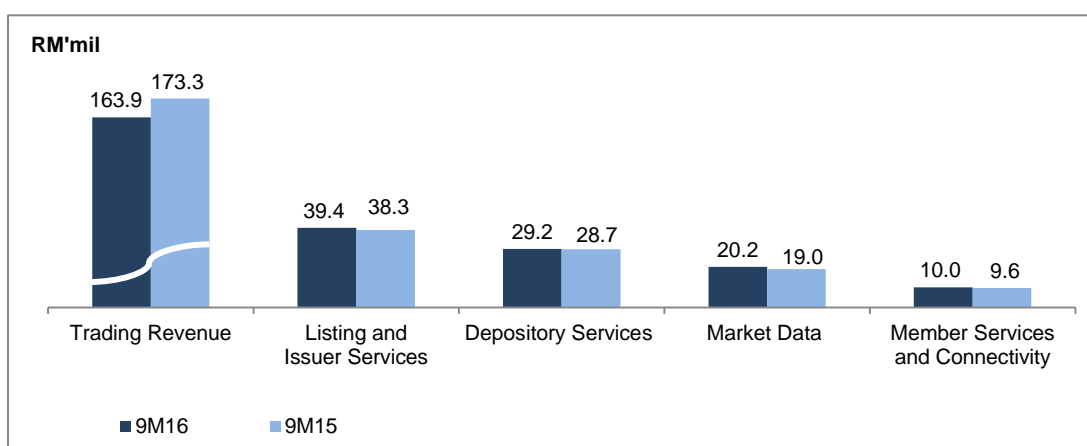


Securities Market

The Securities Market recorded a segment profit of RM204.4 million in 9M16, a decrease of 4.6 per cent from RM214.3 million in 9M15, mainly due to lower trading revenue.

(i) Operating Revenue

The Securities Market operating revenue for 9M16 was RM262.7 million, representing a decrease of 2.3 per cent from RM268.9 million in 9M15. 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) 9M16 vs. 9M15 (Cont'd.)

Securities Market (Cont'd.)

(i) Operating Revenue (Cont'd.)

- > Trading revenue decreased by 5.4 per cent to RM163.9 million in 9M16. 9M16 saw a lower ADV for OMT and DBT of RM1.98 billion compared to RM2.06 billion in 9M15.
- > Listing and issuer services revenue increased by 2.9 per cent to RM39.4 million in 9M16. The increase was mainly due to the higher initial and additional listing fees and higher number of corporate exercises in 9M16.
- > Market data revenue increased by 6.3 per cent to RM20.2 million in 9M16 as a result of higher number of subscribers.

Key operating drivers in the Securities Market are as follows:

		9M16	9M15	%
FBM KLCI	(points)	1,652.55	1,621.04	2
Average daily trading value (OMT and DBT)	(RM'billion)	1.98	2.06	-4
Average daily trading volume (OMT and DBT)	(billion shares)	1.84	1.97	-7
Effective clearing fee rate	(basis points)	2.36	2.36	-
Velocity	(per cent)	27	29	-7
Number of IPOs		7	9	-22
Number of new structured warrant listings		472	478	-1
Total funds raised:				
- IPOs	(RM'billion)	0.48	3.72	-87
- Secondary issues	(RM'billion)	7.56	9.34	-19
Market capitalisation at end of period	(RM'billion)	1,686.16	1,597.35	6

(ii) Operating Expenses

Segment expenses increased by 6.5 per cent to RM68.3 million in 9M16 mainly due to higher staff costs.

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

22. OPERATING SEGMENTS REVIEW (CONT'D.)

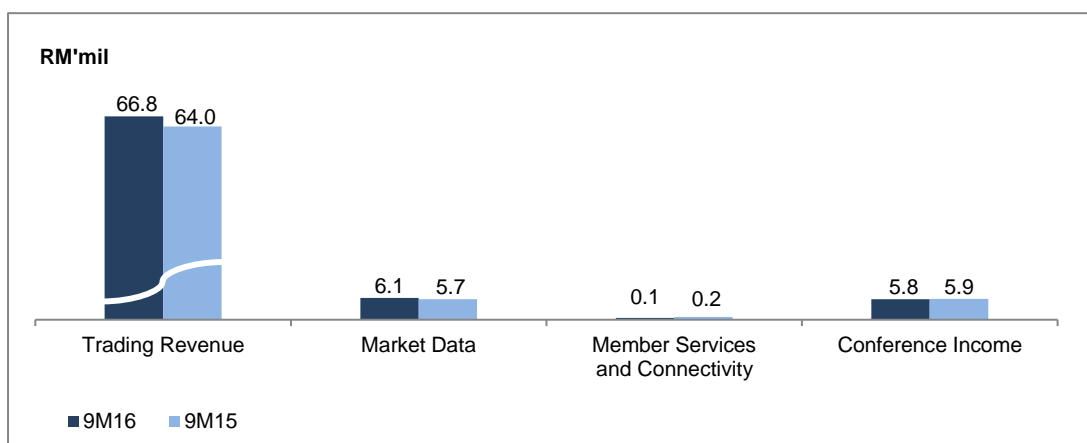
(b) 9M16 vs. 9M15 (Cont'd.)

Derivatives Market

The Derivatives Market recorded a segment profit of RM44.1 million in 9M16, an increase of 14.8 per cent compared to RM38.4 million in 9M15.

(i) Operating Revenue

The Derivatives Market operating revenue for 9M16 was at RM78.8 million, representing an increase of 4.0 per cent compared to RM75.8 million in 9M15. The increase mainly arose from trading revenue, as shown in the chart below:



- > Trading revenue increased by 4.4 per cent to RM66.8 million in 9M16 as a result of higher guarantee fee and collateral management fee.

Key operating drivers in the Derivatives Market are as follows:

		9M16	9M15	%
FCPO contracts	(million)	8.66	8.27	5
FKLI contracts	(million)	2.10	2.27	-7
Other contracts	(million)	0.04	0.05	-20
Total	(million)	10.80	10.59	2
Average daily number of contracts traded		58,686	57,552	2
Average number of open interest position		276,437	231,004	20

(ii) Operating Expenses

Segment expenses decreased by 6.0 per cent to RM36.5 million in 9M16 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) 9M16 vs. 9M15 (Cont'd.)

Exchange Holding Company

The Exchange Holding Company segment loss improved by 37.6 per cent to RM5.0 million in 9M16 as a result of higher investment income earned and lower staff costs.

Others

This segment is made up of BSAS business, bonds trading and offshore exchange. The segment profit increased by 6.0 per cent to RM8.6 million in 9M16 mainly due to higher take up on BSAS.

Overheads

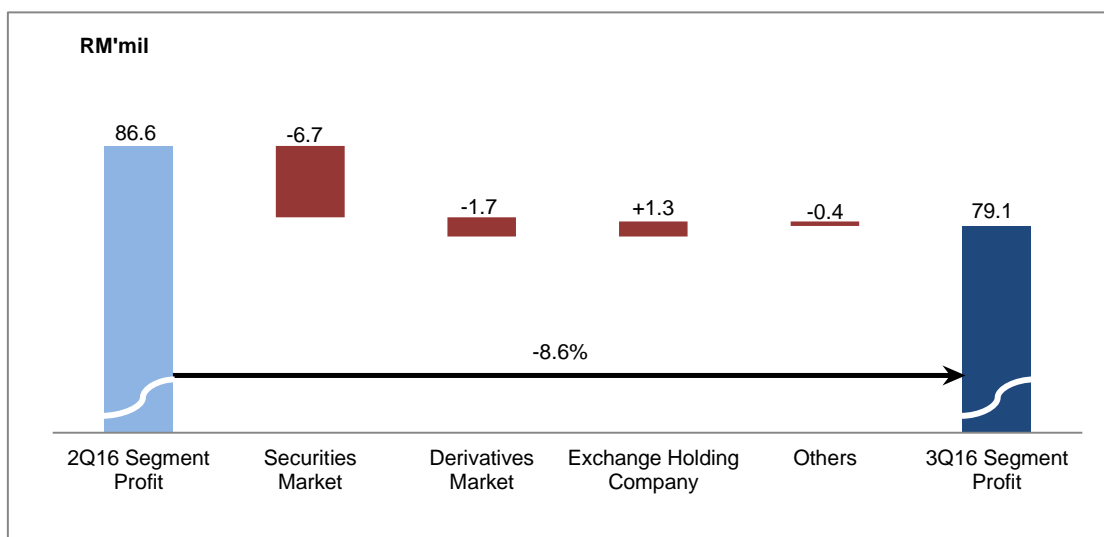
Overheads increased by 13.1 per cent to RM50.5 million in 9M16 mainly due to higher staff costs and professional fees.

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 3Q16 was RM61.6 million, a decrease of 11.3 per cent from RM69.4 million in the quarter ended 30 June 2016 ("2Q16"). PBT is made up of segment profits less overheads.

Total segment profit for 3Q16 was RM79.1 million, a decrease of 8.6 per cent from RM86.6 million in 2Q16. The quarter on quarter movements in the segment profits are depicted in the graph below:

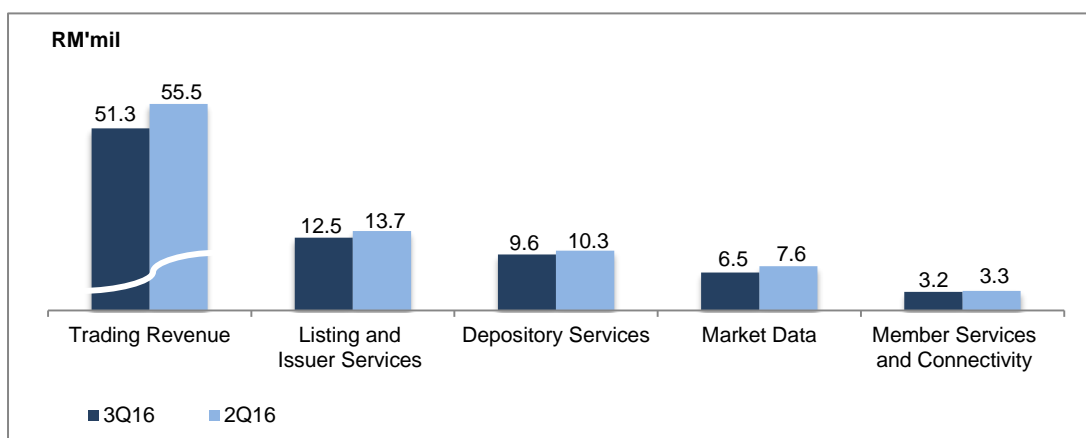


Securities Market

The Securities Market recorded a segment profit of RM64.3 million in 3Q16, a decrease of 9.5 per cent from RM71.0 million in 2Q16, mainly due to lower trading revenue.

(i) Operating Revenue

The Securities Market operating revenue for 3Q16 was RM83.1 million, representing a decrease of 8.0 per cent compared to RM90.4 million in 2Q16. 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 7.6 per cent to RM51.3 million in 3Q16, with a lower ADV for OMT and DBT of RM1.88 billion compared to RM2.00 billion in 2Q16.
- > Listing and issuer services decreased by 8.7 per cent to RM12.5 million in 3Q16, mainly due to the lower perusal and processing fees earned from lower number of corporate exercises in 3Q16.
- > Market data revenue decreased by 14.5 per cent to RM6.5 million in 3Q16 from a lower number of subscribers.

Key operating drivers in the Securities Market are as follows:

		3Q16	2Q16	%
FBM KLCI	(points)	1,652.55	1,654.08	0
Average daily trading value (OMT and DBT)	(RM'billion)	1.88	2.00	-6
Average daily trading volume (OMT and DBT)	(billion shares)	1.87	1.77	6
Effective clearing fee rate	(basis points)	2.38	2.33	2
Velocity	(per cent)	26	27	-4
Number of IPOs		2	3	-33
Number of new structured warrant listings		156	141	11
Total funds raised:				
- IPOs	(RM'billion)	0.08	0.23	-65
- Secondary issues	(RM'billion)	0.56	5.69	-90
Market capitalisation at end of period	(RM'billion)	1,686.16	1,660.34	2

(ii) Operating Expenses

Segment expenses decreased by 3.0 per cent to RM22.0 million in 3Q16 mainly due to lower marketing and development expenses incurred in 3Q16.

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

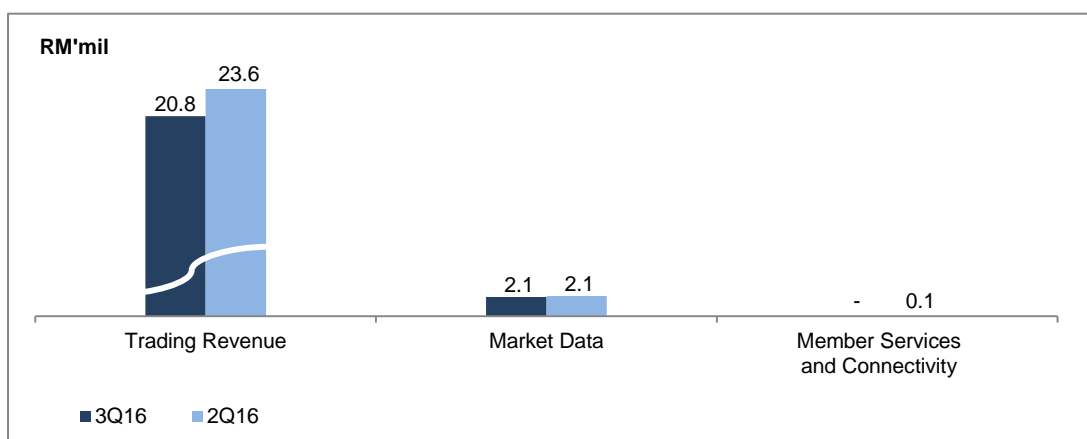
23. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (CONT'D.)

Derivatives Market

The Derivatives Market recorded a segment profit of RM12.9 million for 3Q16, a decrease of 11.9 per cent from RM14.6 million in 2Q16 due to lower trading volume.

(i) Operating Revenue

The Derivatives Market operating revenue for 3Q16 was RM22.9 million, representing a decrease of 11.3 per cent from RM25.8 million in 2Q16. The decrease mainly arose from trading revenue, as shown in the chart below:



- > Trading revenue decreased by 11.9 per cent to RM20.8 million in 3Q16 as a result of lower number of contracts traded. 3.44 million contracts were traded in 3Q16 compared to 3.88 million contracts in 2Q16.

Key operating drivers in the Derivatives Market are as follows:

		3Q16	2Q16	%
FCPO contracts	(million)	2.82	3.17	-11
FKLI contracts	(million)	0.61	0.70	-13
Other contracts	(million)	0.01	0.01	-
Total	(million)	3.44	3.88	-11
Average daily number of contracts traded		56,459	61,611	-8
Average number of open interest position		259,266	310,480	-16

(ii) Operating Expenses

Segment expenses decreased by 9.0 per cent to RM10.5 million in 3Q16 mainly due to lower service fees incurred as a result of lower trading volumes.

**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 71.7 per cent to RM0.5 million in 3Q16 mainly due to the lower staff cost.

Others

This segment is made up of BSAS business, bonds trading and offshore exchange. The segment profit decreased by 13.1 per cent to RM2.4 million in 3Q16 mainly due to the lower trades on BSAS.

Overheads

Overheads increased marginally by 2.0 per cent to RM17.5 million in 3Q16 compared to RM17.1 million in 2Q16.

24. COMMENTARY ON PROSPECTS AND TARGETS

The global economic conditions are expected to continue to remain challenging in the fourth quarter of the year. The International Monetary Fund, in its October 2016 report, has maintained its earlier forecast on this year's global growth of 3.1% and 3.4% in 2017. The World Bank has revised its projection on Malaysia's growth to be at 4.2% from 4.4% for 2016. This remains in line with Bank Negara Malaysia's growth projection at the start of this year of between 4.0% to 4.5%, and to be mainly driven by private consumption.

The Securities Market performance continues to be influenced by global and local economic and market developments. Nonetheless, domestic liquidity continues to provide support to the equity market given Malaysia's resilient and strong economic fundamentals. The Derivatives Market activities, on the other hand, will continue to be influenced by volatility in commodity prices and the FBM KLCI. On the Islamic Capital Market front, the transactions on Bursa Suq Al-Sila' ("BSAS") are expected to be sustained with the continuous demand for Murabaha contracts to aid liquidity management. The introduction of Bursa Malaysia-i, the world's first fully integrated Islamic securities exchange platform, is expected to further attract a wider pool of both domestic and foreign investors.

Notwithstanding the challenges ahead, the Exchange remains cautiously optimistic on its performance for the year, and shall continue with its initiatives in making the Malaysian equity and derivatives markets more attractive and vibrant.

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

25. INCOME TAX EXPENSE

RM'000	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Income tax				
- Current provision	15,971	20,122	52,530	56,227
- Over provision of tax in prior year	(198)	(281)	(198)	(281)
	15,773	19,841	52,332	55,946
Deferred tax				
- Relating to origination and reversal of temporary differences	(61)	(1,074)	(912)	(1,048)
- Over provision of tax in prior year	(59)	(501)	(59)	(501)
	(120)	(1,575)	(971)	(1,549)
Total income tax expense	15,653	18,266	51,361	54,397

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 periods were higher than the statutory tax rate of the respective periods principally due to certain expenses which were not deductible for tax purposes.

26. RETAINED EARNINGS

RM'000	As at	As at
	30.09.2016	31.12.2015
Realised	295,266	332,389
Unrealised	343	1,018
	295,609	333,407
Consolidation adjustments	(21,391)	(14,582)
Total retained earnings	274,218	318,825

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.

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

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

29. CHANGES IN MATERIAL LITIGATION

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

30. PROPOSED DIVIDENDS

There was no dividend proposed in the current and previous corresponding quarter.

31. EARNINGS PER SHARE (EPS)

(a) Basic EPS

	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Profit attributable to the owners of the Company (RM'000)	44,043	51,466	143,454	148,010
Weighted average number of ordinary shares in issue ('000)	536,143	534,504	535,308	533,934
Basic EPS (sen)	8.2	9.6	26.8	27.7

(b) Diluted EPS

	3 months ended		9 months ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Profit attributable to owners of the Company (RM'000)	44,043	51,466	143,454	148,010
Weighted average number of ordinary shares in issue ('000)	536,143	534,504	535,308	533,934
Effect of dilution ('000)	2,542	2,994	2,579	2,597
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	538,685	537,498	537,887	536,531
Diluted EPS (sen)	8.2	9.6	26.7	27.6

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

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.

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 nine months ended 30 September 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 24 October 2016.