



**UNLOCKING  
THE POTENTIAL  
OF OUR MARKETPLACE**

ANNUAL REPORT 2013

# WE'RE A MARKETPLACE ON THE MOVE...



In 2013, Bursa Malaysia grew from strength to strength, reaffirming its standing as a relevant, innovative and attractive investment proposition. Our strategic transformation between 2011 and 2013 did much to bolster our foundations and reinforce our role as an integrated exchange and catalyst of growth for the Malaysian capital market. Today, as "ASEAN's Multinational Marketplace", Bursa Malaysia is essentially positioned as the prime marketplace for investors buying into ASEAN's growth opportunities.

As we leverage on our 2014-2016 Business Plan going forward, we are well primed to further unlock the potential of the Exchange and a host of game-changing opportunities. The building blocks we are putting in place today have one purpose in mind – to take Bursa Malaysia up to the next level of success and reinforce our position as ASEAN's Multinational Marketplace.

## VISION

**TO BE THE PREFERRED PARTNER IN ASIA FOR FUND RAISING,  
TRADING AND INVESTMENT.**

## MISSION

**AS THE PREFERRED PARTNER, BURSA MALAYSIA OFFERS A  
FAIR AND ORDERLY MARKET THAT IS EASILY ACCESSIBLE WITH  
DIVERSE AND INNOVATIVE PRODUCTS AND SERVICES.**

# Financial Highlights

Operating Revenue

**RM439.8** million

(+13%)

2012: RM388.5 million

Cost to Income Ratio

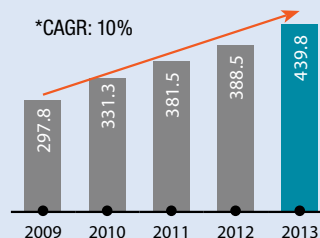
**48.3%**

(improved 1 percentage point)

2012: 49.3%

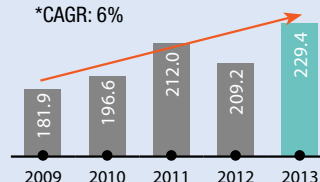
Operating Revenue (RM million)

\*CAGR: 10%



Operating Expenses (RM million)

\*CAGR: 6%



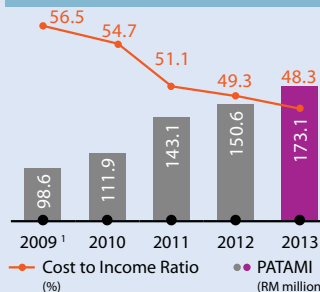
PATAMI

**RM173.1** million

(+15%)

2012: RM150.6 million

PATAMI and Cost to Income Ratio



<sup>1</sup> Excludes gain from part disposal of Bursa Malaysia Derivatives Berhad Group

EPS

**32.5** sen

(+15%)

2012: 28.3 sen

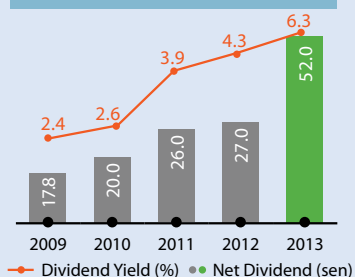
ROE

**20.7%**

(improved 3 percentage points)

2012: 17.7%

Net Dividend and Dividend Yield



Net Dividend per Share **52** sen

(+93%)

2012: 27 sen

\* CAGR: Compounded Annual Growth Rate

# Chairman's Letter to Shareholders



*Tun Mohamed Dzaidin Haji Abdullah*

**Tun Mohamed Dzaidin Haji Abdullah**  
Chairman

Dear Shareholders,

2013 was a year in which exchanges the world over had to contend with financial uncertainties and intensified competition. Despite this volatile backdrop, Bursa Malaysia rose to the fore to turn in a commendable performance on several fronts. The FBM KLCI ended the year at 1866.96 points, up 10.5% from 2012.

The Exchange exceeded peers in benchmark performance and was the largest fund raising destination in ASEAN with USD7,046.9 million raised. And most importantly, we continued to create shareholder value delivering a total shareholder return of 40.7%.

Our good standing to date comes on the back of ongoing efforts to strengthen our marketplace infrastructure and Bursa Malaysia's position as an attractive investment proposition. The year saw us stepping up the pace on governance efforts, delivering good shareholder value, and successfully implementing measures to help us capitalise on new frontiers. As the Exchange moves forward, the foundations are now in place to further unlock the potential of our marketplace and truly move us up to the next level of success.

#### COMMITTED TO MARKETPLACE TRANSPARENCY AND STABILITY

The ever evolving global market structure and regulatory framework have been rather unsettling for market players these last few years. Amidst this backdrop, Bursa Malaysia continues to make strong strides forward in its endeavour to ensure an orderly, transparent and efficient marketplace. 2013 saw us continuing to hone our rules and build upon the effective regulatory and supervisory framework we already have in place to ensure a comprehensive regulatory approach.

To engender better corporate governance practices among PLCs as well as help boards steer their companies towards sustainable business growth, we issued the second edition of the Corporate Governance Guide: Towards Boardroom Excellence. To strengthen stakeholder education and engagement, we rolled out 22 engagement sessions, including the exclusive Chairman Series.

**THE YEAR SAW  
US STEPPING  
UP THE PACE ON  
GOVERNANCE  
EFFORTS, DELIVERING  
GOOD SHAREHOLDER  
VALUE, AND  
SUCCESSFULLY  
IMPLEMENTING  
MEASURES TO HELP  
US CAPITALISE ON  
NEW FRONTIERS**

## DRIVING GOOD SHAREHOLDER VALUE

- **13% GROWTH**  
IN OPERATING REVENUE AND  
**15% GROWTH**  
IN PATAMI

- DIVIDEND YIELD OF  
**6.3%**

- RECOGNITION FROM MSWG:

- ✓ **AMONG TOP 5**  
FOR OVERALL  
CORPORATE  
GOVERNANCE

- ✓ **AMONG TOP 3**  
FOR CORPORATE  
GOVERNANCE  
TRANSPARENCY

- ✓ **1 OF 3**  
**WINNERS**  
FOR BEST CONDUCT  
OF AGM

We remain committed to implementing corporate governance best practices throughout our organisation. In 2013, Bursa Malaysia was announced as one of three winners of the Best Conduct of AGM Award from the Minority Shareholder Watchdog Group (MSWG). We were also a recipient of the MSWG's Top 3 Corporate Governance Transparency Award and Top 5 Overall Corporate Governance Award. These awards underscore our commitment to leading by example in the area of good governance.

### COMMITTED TO GOOD SHAREHOLDER VALUE CREATION

The year 2013 also saw us continuing to put in place the building blocks to enhance market quality, ensure sustainability and unlock the Exchange's full potential. We improved the quality of our service and product offering, increased our people and technology investments, as well as enhanced stakeholder ties.

As a result of our team's overall efforts, we turned in a robust financial performance for 2013 with operating revenue increasing by 13% and PATAMI by 15%.

Our commitment to creating good shareholder value remains a priority. Our policy is to pay out no less than 75% of our PATAMI. Since our listing, we have surpassed this and rewarded our shareholders with more than 90% of our PATAMI. In line with the year's good performance, we are proposing a final dividend of 16 sen. This, combined with an interim dividend of 16 sen paid to shareholders in 2013, amounts to 98% of our PATAMI. We had also paid out a special dividend of 20 sen in August 2013, bringing the total dividends to 52 sen.

### COMMITTED TO REMAINING RELEVANT

As an integrated exchange and a catalyst for the Malaysian capital market, we are determined to remain relevant to our stakeholders and to drive sustainable growth. The advent of the ASEAN Economic Community (AEC) at end 2015 bodes well for us. As "ASEAN's Multinational Marketplace", Bursa Malaysia is well positioned as the preferred entry point and prime marketplace for investors buying into ASEAN.

We are also focused on delivering a spread of diverse and sustainable offerings to our stakeholders. Our global Islamic market offering continues to be a viable investment opportunity and has bolstered our position as one of Asia's leading exchange for Islamic offerings. The launch of Gold Futures Contracts and stapled securities too have widened our product universe.

As we move forward, Bursa Malaysia will continue to champion good governance practices, roll out new growth strategies and look for new frontiers of opportunity. We are confident of our potential going forward given the strong foundations that have been laid.

### IN APPRECIATION

On behalf of the Board of Directors, I wish to take this opportunity to convey our utmost gratitude to our shareholders for their steadfast support of the Exchange. Our deep gratitude also goes to the regulators and policy makers for their worthy efforts in setting clear boundaries that promote market efficiency and transparency. My sincere thanks to my fellow Directors for their astute insights and for helping the Exchange stay the course amidst uncertain times. Last but not least, our deep gratitude to the employees for their loyalty, sacrifices and commitment to excellence which have brought us thus far.

# Our Performance

## 5-Year Highlights

31 DEC 2009<sup>2</sup> 31 DEC 2010<sup>3</sup> 31 DEC 2011 31 DEC 2012 31 DEC 2013

<b>Key Operating Results (RM million)</b>					
Operating Revenue	297.8	331.3	381.5	388.5	439.8
Operating Expenses <sup>1</sup>	181.9	196.6	212.0	209.2	229.4
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	230.8	177.9	207.9	212.9	245.4
Profit after Tax and Minority Interest (PATAMI) <sup>1</sup>	174.6	111.9	143.1	150.6	173.1
<b>Other Key Data (RM million)</b>					
Total Assets	1,786.6	1,708.3	1,673.5	2,198.4	1,741.7
Total Liabilities <sup>1</sup>	947.2	855.1	818.4	1,325.1	914.2
Shareholders' Equity <sup>1</sup>	830.8	841.9	840.8	857.6	811.2
Capital Expenditure	22.1	21.9	13.6	26.7	33.3
<b>Financial Ratios (%)</b>					
Operating Revenue Growth	(1.5)	11.2	15.2	1.8	13.2
Cost to Income Ratio <sup>1</sup>	45.7	54.7	51.1	49.3	48.3
Net Profit Margin <sup>1</sup>	43.9	31.9	35.7	36.9	37.8
PATAMI Growth <sup>1</sup>	67.2	(35.9)	27.8	5.2	14.9
Return on Equity (ROE) <sup>1</sup>	22.4	13.4	17.0	17.7	20.7
<b>Share Information</b>					
Earnings per Share (EPS) (sen) <sup>1</sup>	33.1	21.1	26.9	28.3	32.5
Net Dividend per Share (sen)	17.8	20.0	26.0	27.0	52.0
Dividend Yield (%)	2.4	2.6	3.9	4.3	6.3
Payout Ratio (%)	92.9	94.0	94.6	94.8	98.5
Net Assets per Share (RM) <sup>1</sup>	1.57	1.58	1.58	1.61	1.52
Share Price - High (RM)	8.59	8.66	9.02	7.72	8.47
Share Price - Low (RM)	4.36	6.75	5.76	5.91	6.22
Share Price as at 31 December (RM)	7.99	7.80	6.70	6.22	8.23
Price Earnings Ratio (times) <sup>1</sup>	24	37	25	22	25
Company Market Capitalisation (RM billion)	4.2	4.1	3.6	3.3	4.4

1 Comparative figures and ratios have been restated to take into account the effects of:

- i. Fines and related expenses no longer recognised in profit or loss following the setting up of Capital Market Education and Integrity Fund (CMEIF) on 1 January 2013.
- ii. Actuarial gains and losses recognised following the adoption of MFRS 119 *Employee Benefits (revised)* on 1 January 2013.

2 The results and ratios for 2009 which exclude the gain on disposal of a subsidiary are as follows:

- i. EBITDA: RM154.8 million
- ii. PATAMI: RM98.6 million
- iii. Cost to Income Ratio: 56.5%
- iv. Net Profit Margin: 24.8%
- v. PATAMI Growth: (5.6%)
- vi. ROE: 12.7%
- vii. EPS: 18.7sen

3 PATAMI growth for 2010 which excludes the gain on disposal of a subsidiary in 2009 is 13.5%.

## Our Performance

Quarterly Results	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Full Year
<b>2013</b>					
<b>Key Financial Results</b>					
Operating Revenue (RM million)	101.7	122.2	112.0	103.9	439.8
EBITDA (RM million)	55.6	77.8	65.4	46.6	245.4
PATAMI (RM million)	38.2	54.8	46.2	33.9	173.1
ROE (%)	17.3	24.0	22.0	17.1	20.7
Cost to Income Ratio (%)	49.7	40.7	46.4	57.6	48.3
EPS (sen)	7.2	10.3	8.7	6.3	32.5
Ordinary Net Dividend per Share (sen)	-	16.0	-	16.0	32.0
Special Net Dividend per Share (sen)	-	20.0	-	-	20.0
<b>Key Operating Drivers</b>					
ADV - OMT & DBT on Securities Market (RM million)	1,716	2,385	2,083	2,330	2,137
ADC on Derivatives Market	45,188	41,673	45,700	41,535	43,490
<b>2012</b>					
<b>Key Financial Results</b>					
Operating Revenue (RM million)	100.5	96.7	96.7	94.6	388.5
EBITDA (RM million)	56.4	53.6	54.0	48.9	212.9
PATAMI (RM million)	40.6	37.7	36.5	35.8	150.6
ROE (%)	18.8	17.2	17.3	17.0	17.7
Cost to Income Ratio (%)	47.5	49.1	48.7	52.0	49.3
EPS (sen)	7.6	7.1	6.9	6.7	28.3
Ordinary Net Dividend per Share (sen)	-	13.5	-	13.5	27.0
<b>Key Operating Drivers</b>					
ADV - OMT & DBT on Securities Market (RM million)	1,973	1,517	1,684	1,509	1,666
ADC on Derivatives Market	31,015	40,367	42,234	43,555	39,387

ADV - Daily Average Trading Value

ADC - Daily Average No. of Contracts Traded

OMT - On-Market Transaction

DBT - Direct Business Transaction

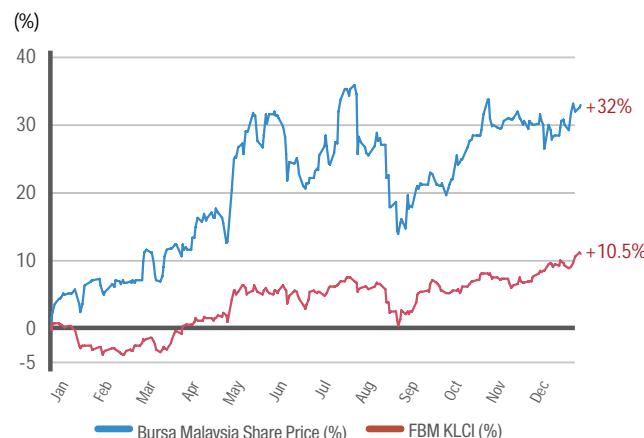


# Shareholder Value Creation

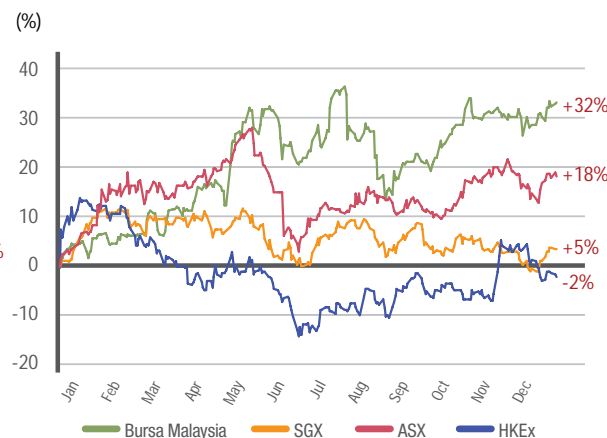
## SHARE PRICE MAKES FURTHER GAINS IN 2013

- Delivered a total shareholder return of 40.7%;
- Share price improved from RM6.22 (31 Dec 2012) to RM8.23 on 31 December 2013, and outperformed the FBM KLCI;
- Outperformed listed Asian peers.

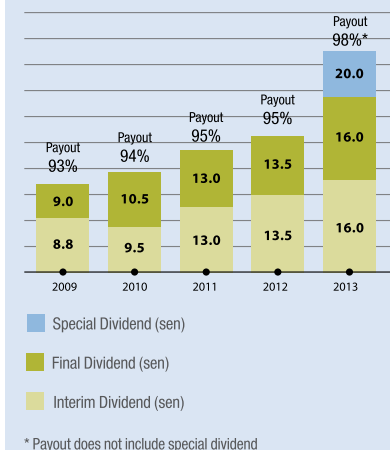
**Bursa Malaysia Share Price Performance vs. FBM KLCI**



**Bursa Malaysia Share Price Performance vs. Listed Asian Peers**

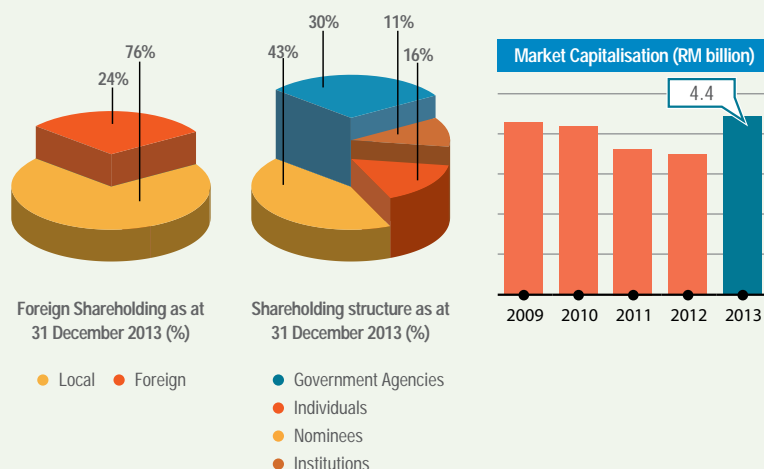


## THE HIGHEST ANNUAL DIVIDEND PAYOUT



## FOREIGN SHAREHOLDING AND MARKET CAPITALISATION ON THE UPTREND

Our public shareholding of 64.9% provides a fair free float for Bursa Malaysia's shares and a good level of liquidity. As at end 2013, we had a total shareholder count of 20,537. Our market capitalisation, meanwhile, increased from RM3.3 billion in 2012 to RM4.4 billion in 2013.



## Investor Relations Contact

All investors are welcome to contact the Investor Relations (IR) team directly at [ir@bursamalaysia.com](mailto:ir@bursamalaysia.com) or visit the IR section on our website, where they can subscribe to regular updates on Bursa Malaysia via email alerts and access our quarterly newsletter.

# Milestones

## ETBS

“ The ETBS represent  
**AN UNPRECEDENTED  
OPPORTUNITY**  
for the people of Malaysia to  
invest in, and profit from,  
**THE NATION'S  
DEVELOPMENT** ”

Dato' Sri Mohd Najib Tun Abdul Razak,  
*Prime Minister of Malaysia*

## JAN

8 JANUARY 2013

Launch of new asset class - Exchange Traded Bonds and Sukuk (ETBS) to broaden the Exchange's offering as well as promote and strengthen retail participation in the bonds/sukuk market

## MAY

2 MAY 2013

Introduced Green Lane Policy to enhance efficiency of doing business for equity brokers

9 MAY 2013

First Shari'ah-compliant stapled securities listed on Bursa Malaysia to widen the Exchange's product universe

## eRIGHTS

“ The eRights initiative is part of our ongoing efforts to provide  
**A MORE FACILITATIVE  
TRADING ENVIRONMENT TO  
ATTRACT MORE INVESTORS  
AND ISSUERS,**  
not only within our domestic market,  
but also the region ”

Dato' Tajuddin Atan,  
*CEO, Bursa Malaysia*

## MAR

28 MARCH 2013

Launch of new eRights services to facilitate electronic subscription and payment system for rights issue

## GREEN LANE POLICY

“ The Green Lane Policy  
**SHORTENS THE TIME TO MARKET**  
for equities brokers to commence new activities.  
This includes the opening of  
**NEW BRANCHES OR  
ELECTRONIC ACCESS FACILITIES,**  
the provision of margin financing  
and the commencement of proprietary trading ”

Selvarany Rasiah,  
*Director of Regulation, Bursa Malaysia*

**JUL****22 JULY 2013**

Launch of enhanced Regulated Short Selling (RSS) and Securities Borrowing and Lending (SBL) to facilitate more efficient price discovery

**RSS & SBL**

“ Following the enhancements, the number of stocks available has **INCREASED FROM 100 TO 171** while there is now also a **FAST ENTRY FOR STOCKS** with large market capitalisation ”

Ong Li Lee,  
*Director of Securities Market, Bursa Malaysia*

“ As Bursa Malaysia becomes **ONE OF THE LEADING EPICENTRES FOR TRADING IN THE REGION**, attracting new IPOs and meeting Islamic finance demands, NASDAQ OMX is dedicated to working with the Malaysian exchange to **FURTHER GROW THE DYNAMIC ASEAN MARKET** ”

Lars Ottersgård,  
*Senior Vice President, Market Technology, NASDAQ OMX*

**BTS2****DEC****2 DECEMBER 2013**

Launch of new trading engine, Bursa Trade Securities 2 (BTS2) powered by NASDAQ OMX's X-stream INET

**11 DECEMBER 2013**

Launch of electronic CDS statements and notices

**27 DECEMBER 2013**

Amendment in timeframe for issuance of annual reports

**OCT****1 OCTOBER 2013**

Launch of second edition of the Corporate Governance Guide to engender better corporate governance practices among PLCs and help boards steer their companies towards sustainable business growth

**3 OCTOBER 2013**

Launch of the cash-settled Gold Futures Contract which provides a trusted way to trade gold in Malaysia

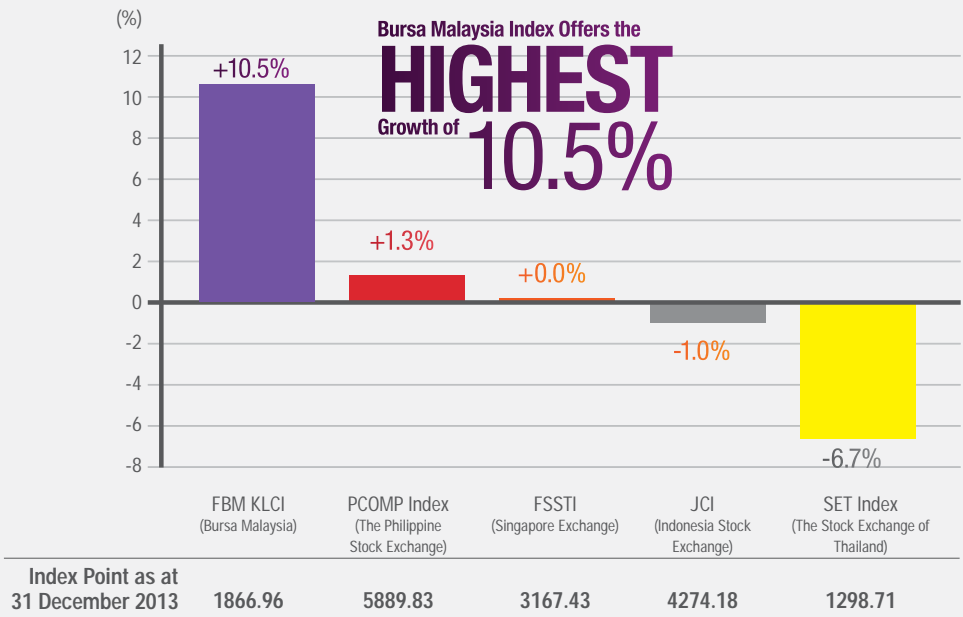
**GOLD FUTURES CONTRACT**

“ In Malaysia, where **GOLD IS A HIGHLY DESIRABLE COMMODITY** from a cultural standpoint, the minimum contract size of 100 grams for the Bursa Gold Futures Contract provides **GREATER ACCESSIBILITY AND AFFORDABILITY** to all those who want to trade and invest in gold ”

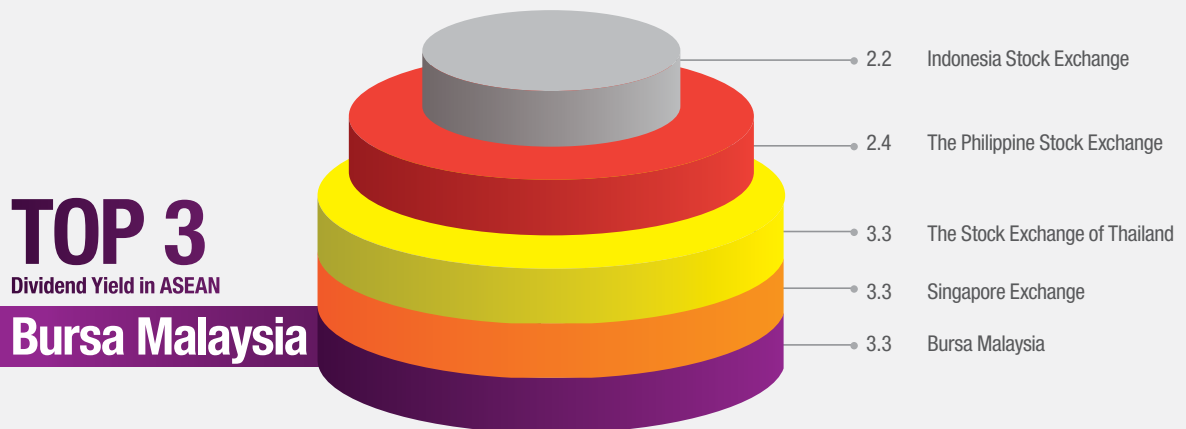
Chong Kim Seng,  
*CEO, Bursa Malaysia Derivatives Berhad*

# Continuing to Deliver Value

## Benchmark Index Performance in 2013



## Dividend Yield (%)



Source: Bloomberg

# Consolidated Income Statement

for the financial year ended 31 December 2013

	2013 RM'000	2012 RM'000 (Restated)
Operating revenue	439,822	388,466
Other income	35,172	36,121
	474,994	424,587
Staff costs	(119,965)	(101,813)
Depreciation and amortisation	(34,964)	(33,713)
Other operating expenses	(74,485)	(73,722)
Profit before tax	245,580	215,339
Income tax expense	(66,195)	(58,453)
<b>Profit for the year</b>	<b>179,385</b>	<b>156,886</b>
<b>Profit attributable to:</b>		
Owners of the Company	173,075	150,598
Non-controlling interest	6,310	6,288
	<b>179,385</b>	<b>156,886</b>
<b>Earnings per share attributable to owners of the Company (sen per share):</b>		
Basic	32.5	28.3
Diluted	32.4	28.3

# Consolidated Statement of Financial Position

as at 31 December 2013

	31.12.2013 RM'000	31.12.2012 RM'000 (Restated)	1.1.2012 RM'000 (Restated)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	206,356	209,733	218,397
Computer software	61,404	61,274	59,614
Goodwill	42,957	42,957	42,957
Investment securities	163,495	123,782	93,371
Staff loans receivable	7,122	9,140	11,678
Deferred tax assets	1,648	1,278	1,034
	<b>482,982</b>	<b>448,164</b>	<b>427,051</b>
<b>Current assets</b>			
Trade receivables	32,733	28,462	27,632
Other receivables	15,794	16,081	13,170
Tax recoverable	6,612	4,296	388
Investment securities	51,183	54,936	33,441
Cash and bank balances not belonging to the Group	770,917	1,175,000	671,880
Cash and bank balances of the Group	381,442	471,503	499,943
	<b>1,258,681</b>	<b>1,750,278</b>	<b>1,246,454</b>
<b>Total assets</b>	<b>1,741,663</b>	<b>2,198,442</b>	<b>1,673,505</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	266,306	266,012	265,800
Share premium	94,167	90,505	87,553
Other reserves	67,716	26,828	25,429
Retained earnings	382,962	474,256	462,062
<b>Equity attributable to owners of the Company</b>	<b>811,151</b>	<b>857,601</b>	<b>840,844</b>
<b>Non-controlling interest</b>	<b>16,330</b>	<b>15,770</b>	<b>14,232</b>
<b>Total equity</b>	<b>827,481</b>	<b>873,371</b>	<b>855,076</b>
<b>Non-current liabilities</b>			
Retirement benefit obligations	28,950	30,023	33,599
Deferred capital grants	7,768	9,934	11,850
Deferred tax liabilities	12,892	7,895	7,564
	<b>49,610</b>	<b>47,852</b>	<b>53,013</b>
<b>Current liabilities</b>			
Trade payables	734,318	1,137,234	636,166
Clearing funds	35,374	35,938	34,485
Other payables	89,134	94,479	79,913
Tax payable	5,746	9,568	14,852
	<b>864,572</b>	<b>1,277,219</b>	<b>765,416</b>
<b>Total liabilities</b>	<b>914,182</b>	<b>1,325,071</b>	<b>818,429</b>
<b>Total equity and liabilities</b>	<b>1,741,663</b>	<b>2,198,442</b>	<b>1,673,505</b>

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