



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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2014

17 April 2014

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

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE QUARTER ENDED 31 MARCH 2014

RM'000	Note	Quarter ended	
		31.03.2014	31.03.2013
		Reviewed	Reviewed
Operating revenue	8	115,139	101,698
Other income	9	8,028	8,737
		123,167	110,435
Staff costs		(32,551)	(27,161)
Depreciation and amortisation		(6,414)	(8,761)
Other operating expenses	10	(21,274)	(18,969)
Profit before tax		62,928	55,544
Income tax expense	24	(16,032)	(15,158)
Profit for the period		46,896	40,386
Profit attributable to:			
Owners of the Company		45,148	38,200
Non-controlling interest		1,748	2,186
		46,896	40,386
Earnings per share (EPS) attributable to owners of the Company (sen per share):			
Basic EPS	30(a)	8.5	7.2
Diluted EPS	30(b)	8.4	7.2

The above condensed consolidated income statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.

BURSA MALAYSIA BERHAD (30632-P)
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2014

RM'000	Quarter ended	
	31.03.2014	31.03.2013
	Reviewed	Reviewed
Profit for the period	46,896	40,386
Items that may be subsequently reclassified to profit or loss:		
Foreign currency translation	(13)	10
Net fair value changes in available-for-sale (AFS) financial assets	(6,797)	13,086
Income tax relating to AFS financial assets	35	14
Total other comprehensive income, net of income tax	(6,775)	13,110
Total comprehensive income	40,121	53,496
Total comprehensive income attributable to:		
Owners of the Company	38,373	51,310
Non-controlling interest	1,748	2,186
	40,121	53,496

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 2013 and the accompanying explanatory notes attached to these interim financial statements.

BURSA MALAYSIA BERHAD (30632-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2014

RM'000	Note	As at 31.03.2014 Reviewed	As at 31.12.2013 Audited
Assets			
Property, plant and equipment		204,096	206,356
Computer software		59,812	61,404
Goodwill		42,957	42,957
Investment securities		161,968	163,495
Staff loans receivable		6,871	7,122
Deferred tax assets		1,546	1,648
Non-current assets		477,250	482,982
Trade receivables		42,322	32,733
Other receivables		20,009	15,794
Tax recoverable		6,121	6,612
Investment securities		55,862	51,183
Cash and bank balances not belonging to the Group	13	705,596	770,917
Cash and bank balances of the Group	14	433,569	381,442
Current assets		1,263,479	1,258,681
Total assets		1,740,729	1,741,663
Equity and liabilities			
Share capital		266,306	266,306
Share premium		94,167	94,167
Other reserves		63,323	67,716
Retained earnings	25	342,852	382,962
Equity attributable to owners of the Company		766,648	811,151
Non-controlling interest		18,078	16,330
Total equity		784,726	827,481
Retirement benefit obligations		29,030	28,950
Deferred capital grants		7,080	7,768
Deferred tax liabilities		15,363	12,892
Non-current liabilities		51,473	49,610
Trade payables	13	668,777	734,318
Clearing Funds' contributions	13	36,800	35,374
Other payables		109,928	89,134
Dividend payable	29	85,258	-
Tax payable		3,767	5,746
Current liabilities		904,530	864,572
Total liabilities		956,003	914,182
Total equity and liabilities		1,740,729	1,741,663
Net assets per share attributable to owners of the Company (RM)		1.44	1.52

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 2013 and the accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 MARCH 2014

RM'000	← Attributable to owners of the Company →										Non-controlling interest (Note a)	Total equity
	Non-distributable					Distributable						
	Share capital	Share premium	Capital reserve (Note 20)	Capital redemption reserve	Foreign currency translation reserve	Share grant reserve	Clearing fund reserves	AFS reserve	Retained earnings	Total		
At 1 January 2014	266,306	94,167	14,100	5,250	72	4,582	30,000	13,712	382,962	811,151	16,330	827,481
Profit for the period	-	-	-	-	-	-	-	-	45,148	45,148	1,748	46,896
Other comprehensive income, net of income tax	-	-	-	-	(13)	-	-	(6,762)	-	(6,775)	-	(6,775)
Total comprehensive income	-	-	-	-	(13)	-	-	(6,762)	45,148	38,373	1,748	40,121
Transactions with owners of the Company:												
Share Grant Plant (SGP) expense	-	-	-	-	-	2,382	-	-	-	2,382	-	2,382
Dividend payable (Note 29)	-	-	-	-	-	-	-	-	(85,258)	(85,258)	-	(85,258)
At 31 March 2014	266,306	94,167	14,100	5,250	59	6,964	30,000	6,950	342,852	766,648	18,078	784,726
At 1 January 2013	266,012	90,505	13,900	5,250	(40)	2,320	30,000	(24,602)	474,256	857,601	15,770	873,371
Profit for the period	-	-	-	-	-	-	-	-	38,200	38,200	2,186	40,386
Other comprehensive income, net of income tax	-	-	-	-	10	-	-	13,100	-	13,110	-	13,110
Total comprehensive income	-	-	-	-	10	-	-	13,100	38,200	51,310	2,186	53,496
Transactions with owners of the Company:												
SGP expense	-	-	-	-	-	1,486	-	-	-	1,486	-	1,486
Dividend payable (Note 29)	-	-	-	-	-	-	-	-	(71,857)	(71,857)	-	(71,857)
At 31 March 2013	266,012	90,505	13,900	5,250	(30)	3,806	30,000	(11,502)	440,599	838,540	17,956	856,496

Note a

Included in non-controlling interest of the Group at 31 March 2014 are 85 non-cumulative preference shares of RM1 each in Bursa Malaysia Derivatives Berhad (Bursa Malaysia Derivatives), a subsidiary, for registration as Trading Participants (TPs), at a subscription price determined by Bursa Malaysia Derivatives. During the financial year ended 31 December 2013, Bursa Malaysia Derivatives proposed to revamp its participation structure. Details of the revamp are disclosed in Note 20.

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 2013 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 QUARTER ENDED 31 MARCH 2014

RM'000	Note	Quarter ended	
		31.03.2014	31.03.2013
		Reviewed	Reviewed
Cash flows from operating activities			
Profit before tax		62,928	55,544
Adjustments for:			
Amortisation of premium less accretion of discount		37	160
Dividend income from investment securities	9	(411)	(383)
Depreciation and amortisation		6,414	8,761
Grant income	9	(688)	(434)
Retirement benefit obligations		353	370
Interest income		(5,133)	(6,046)
Net (reversal of impairment loss)/impairment loss on trade and other receivables	10	(56)	55
Unrealised gain on foreign exchange differences		(108)	(14)
SGP expense		2,382	1,486
Operating profit before working capital changes		65,718	59,499
Increase in receivables		(13,794)	(6,585)
Increase in other payables		24,486	20,304
Cash generated from operations		76,410	73,218
Staff loans repaid, net of disbursements		390	535
Retirement benefits paid		(273)	(249)
Taxes paid, net of refund		(14,912)	(14,090)
Net cash from operating activities		61,615	59,414
Cash flows from investing activities			
Increase in other deposits not for short-term funding requirements		(55,365)	(65,485)
Interest received		5,040	4,813
Dividends received		391	1,441
Proceeds from disposal of investment securities		14,900	34,821
Purchases of investment securities		(24,886)	(29,877)
Purchases of property, plant and equipment and computer software		(4,920)	(11,652)
Net cash used in investing activities		(64,840)	(65,939)
Net decrease in cash and cash equivalents		(3,225)	(6,525)
Effect of exchange rate changes		(13)	9
Cash and cash equivalents at beginning of year		246,608	236,100
Cash and cash equivalents at end of period	14	243,370	229,584

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 2013 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 have been carried at fair value in accordance to Malaysian Financial Reporting Standard (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 also has been prepared in accordance with the requirements of MFRS 134 *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 2013. 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 2013.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the Condensed Report are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2013, except for the adoption of Amendments to Standards and Issue Committee (IC) interpretations effective as of 1 January 2014.

2.1 Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations, with a date of initial application of 1 January 2014.

Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Separate Financial Statements: Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

2.2 Standards issued but not yet effective

At the date of authorisation of the Condensed Report, the following Standards were issued but not yet effective and have not been adopted by the Group:

Description	Effective for financial periods beginning on or after
MFRS 9 <i>Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in November 2009)</i>	To be announced by Malaysian Accounting Standards Board (MASB)

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

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

Description	Effective for financial periods beginning on or after
MFRS 9 <i>Financial Instruments (IFRS 9 issued by IASB in October 2010)</i>	To be announced by MASB
MFRS 9 <i>Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)</i>	To be announced by MASB
MFRS 9 <i>Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)</i>	To be announced by MASB
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application, other than for MFRS 9 *Financial Instruments*. The Group will assess the financial implications of MFRS 9 *Financial Instruments* when the full standard is issued.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not affected by any seasonal or cyclical factors but is affected by the level of activities in the securities and derivatives markets.

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 ended 31 March 2014.

5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on the quarter ended 31 March 2014.

6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the quarter ended 31 March 2014.

7. DIVIDENDS PAID

No dividend was paid during the quarter ended 31 March 2014.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

8. OPERATING REVENUE

RM'000	Quarter ended	
	31.03.2014	31.03.2013
Securities clearing fees	46,499	34,340
Securities trade fees	6,099	4,760
Other securities revenue	4,460	4,130
Securities trading revenue	57,058	43,230
Derivatives clearing fees	3,909	3,516
Derivatives trade fees	10,630	9,927
Other derivatives revenue	2,634	5,006
Derivatives trading revenue	17,173	18,449
Bursa Suq Al-Sila (BSAS) trading revenue	1,794	1,298
Listing and issuer services	13,023	11,348
Depository services	7,774	7,812
Market data	6,908	6,471
Member services and connectivity	5,390	7,440
Other operating revenue	6,019	5,650
Total operating revenue	115,139	101,698

9. OTHER INCOME

RM'000	Quarter ended	
	31.03.2014	31.03.2013
Interest income from:		
- Investments	5,058	5,955
- Others	75	91
Rental income	1,724	1,564
Dividend income	411	383
Grant income	688	434
Miscellaneous income	72	310
Total other income	8,028	8,737

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

10. OTHER OPERATING EXPENSES

RM'000	Quarter ended	
	31.03.2014	31.03.2013
Marketing and development costs	4,032	3,720
Technology charges:		
- Information technology maintenance	5,060	4,499
- Service fees	4,369	3,768
Central Depository System (CDS) consumables	975	929
Professional fees	237	170
Building management costs	2,830	2,450
Administrative expenses	1,505	1,661
Net (reversal of impairment loss)/impairment loss on trade and other receivables	(56)	55
Foreign exchange gain	(3)	(136)
Miscellaneous expenses	2,325	1,853
Total other operating expenses	21,274	18,969

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. SEGMENTAL INFORMATION

RM'000	Securities market	Derivatives market	Holding company	Others	Consolidated
RESULTS FOR THE QUARTER ENDED 31 MARCH 2014					
Operating revenue	86,263	25,246	1,704	1,926	115,139
Other income	2,932	1,073	3,999	24	8,028
Direct costs	(20,874)	(14,302)	(8,308)	(1,370)	(44,854)
Segment profit/(loss)	68,321	12,017	(2,605)	580	78,313
Overheads					(15,385)
Profit/(Loss) before tax	68,321	12,017	(2,605)	580	62,928

RESULTS FOR THE QUARTER ENDED 31 MARCH 2013					
Operating revenue	71,229	26,159	2,864	1,446	101,698
Other income	2,724	687	5,301	25	8,737
Direct costs	(20,752)	(12,172)	(6,349)	(1,230)	(40,503)
Segment profit	53,201	14,674	1,816	241	69,932
Overheads					(14,388)
Profit before tax	53,201	14,674	1,816	241	55,544

ASSETS AND LIABILITIES AS AT 31 MARCH 2014					
Assets that belong to the Group	512,606	142,574	340,851	31,435	1,027,466
Assets that do not belong to the Group	14,296	691,300	-	-	705,596
Segment assets	526,902	833,874	340,851	31,435	1,733,062
Unallocated corporate assets					7,667
Total assets	526,902	833,874	340,851	31,435	1,740,729
Liabilities that belong to the Group	50,293	13,380	135,678	31,926	231,277
Liabilities that do not belong to the Group	14,296	691,300	-	-	705,596
Segment liabilities	64,589	704,680	135,678	31,926	936,873
Unallocated corporate liabilities					19,130
Total liabilities	64,589	704,680	135,678	31,926	956,003

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

12. RELATED PARTY DISCLOSURES

Significant related party transactions are as follows:

RM'000	Quarter ended	
	31.03.2014	31.03.2013
Administration fee income from Bursa Malaysia Securities Berhad - Compensation Fund, a fund managed by Bursa Malaysia Berhad	-	158
Administration fee income from Bursa Malaysia Derivatives Berhad - Fidelity Fund, a fund managed by Bursa Malaysia Derivatives Berhad	-	20

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

13. CASH AND BANK BALANCES NOT BELONGING TO THE GROUP

RM'000	As at 31.03.2014
Trade margins, collaterals and security deposits	668,080
Securities Borrowing and Lending collaterals	697
Trade payables	668,777
Derivatives Clearing Fund (DCF) contributions	23,220
Clearing Guarantee Fund (CGF) contributions	13,580
Clearing Funds' contributions	36,800
Cash received for eDividend distributions (included within other payables)	19
Total cash and bank balances not belonging to the Group	705,596

The amount of non-cash collaterals not included in the consolidated statement of financial position as at 31 March 2014 comprise the following:

RM'000	As at 31.03.2014
Collaterals in the form of letters of credit	552,824
Collaterals in the form of shares	15,917
Contributions to the CGF in the form of bank guarantees	4,535
	573,276

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

14. CASH AND BANK BALANCES OF THE GROUP

RM'000	As at 31.03.2014
Cash and bank balances	1,573
Deposits for short-term funding requirements	241,797
Cash and cash equivalents	243,370
Other deposits not for short-term funding requirements	190,199
Total cash and bank balances of the Group	433,569

Included in cash and bank balances of the Group as at the end of the financial period are the following:

- (i) Cash set aside for the following Clearing Funds:

RM'000	As at 31.03.2014
Bursa Malaysia Securities Clearing Sdn Bhd's appropriation to the CGF	25,000
Bursa Malaysia Derivatives Clearing Berhad's appropriation to the DCF	5,000
	30,000

- (ii) An amount of RM1,669,000 (31.03.2013: RM6,694,000) has been set aside to meet or secure the claims of creditors and certain lease payments pursuant to the High Court order issued in relation to the reduction of capital of the Company on 27 January 2005.

15. CAPITAL COMMITMENTS

Capital commitments for the purchase of property, plant and equipment and computer software not provided for in the condensed report as at the end of the financial period were as follows:

RM'000	Approved and contracted for	Approved but not contracted for
Computers and office automation	4,582	6,228
Office equipment	17	-
Renovations	102	26
Total capital commitments	4,701	6,254

16. CONTINGENT ASSETS AND LIABILITIES

There were 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 2013.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

17. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter ended 31 March 2014.

18. OPERATING LEASE ARRANGEMENTS

(a) As Lessee - for the lease of land

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

RM'000	As at 31.03.2014
Not later than 1 year	539
Later than 1 year and not later than 5 years	2,155
Later than 5 years	39,175
Total future minimum lease payments	41,869

(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 31.03.2014
Not later than 1 year	152
Later than 1 years and not later than 5 years	392
Total future minimum lease payments	544

(c) As Lessor - for building rental

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 31.03.2014
Not later than 1 year	6,377
Later than 1 year and not later than 2 years	6,225
Later than 2 years and not later than 5 years	1,432
Total future minimum lease receivables	14,034

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

19. FINANCIAL INSTRUMENTS

(a) Classification

The following table analyses the financial assets and 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.

RM'000	AFS	Held-To- Maturity (HTM)	Loans and Receivables	Financial Liabilities At Amortised Cost	Total
As at 31 March 2014					
Assets					
Investments securities	198,229	19,601	-	-	217,830
Staff loans receivable	-	-	7,683	-	7,683
Trade receivables	-	-	42,322	-	42,322
Other receivables which are financial assets	-	-	10,088	-	10,088
Cash and bank balances not belonging to the Group	-	-	705,596	-	705,596
Cash and bank balances of the Group	-	-	433,569	-	433,569
Total financial assets	198,229	19,601	1,199,258	-	1,417,088
Liabilities					
Trade payables	-	-	-	668,777	668,777
Clearing Funds' contributions	-	-	-	36,800	36,800
Other payables which are financial liabilities	-	-	-	38,003	38,003
Dividend payable	-	-	-	85,258	85,258
Total financial liabilities	-	-	-	828,838	828,838

(b) Fair Value

(i) Fair Value Measurement Hierarchies

AFS financial assets are measured at fair value. The fair value measurement hierarchies used to measure these assets carried at fair value in the condensed consolidated statement of financial position are as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets.

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

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

19. FINANCIAL INSTRUMENTS (CONT'D.)

(b) Fair Value (Cont'd.)

(i) Fair Value Measurement Hierarchies (Cont'd.)

RM'000	Level 1	Level 2	Total
AFS Financial Assets			
Quoted equity	92,241	-	92,241
Unquoted bonds	-	105,988	105,988
	92,241	105,988	198,229

There were no transfers between Level 1 and Level 2 during the quarter ended 31 March 2014 and the Group does not have any financial instruments classified as Level 3 as at 31 March 2014.

(ii) Determination of Fair Value

(a) Financial instruments that are carried at fair value

The following methods were used to determine the fair values for AFS financial assets:

Quoted equity

Fair value is determined directly by reference to its published market bid price as at 31 March 2014.

Unquoted bonds

Fair value is determined by reference to the published market bid price of unquoted fixed income securities based on information provided by Bond Pricing Agency Malaysia Sdn Bhd.

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

Staff loan receivable

Fair value is estimated by discounting the expected future cash flows using the current interest rates for loans with similar risk profiles.

The fair value of long term staff loan receivable which is recognised at amortised cost as at 31 March 2014, is as follow:

RM'000	Carrying Amount	Fair Value
Staff loans receivable	7,683	5,732

The fair value of staff loans receivable was measured at Level 3 under the fair value measurement hierarchies.

Other financial instruments

Other financial instruments represent HTM investments, loans and receivables (other than staff loan receivable) and financial liabilities at amortised cost. The carrying amounts of these assets and liabilities are reasonable approximations of their fair values due to their short term nature.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

20. EVENTS AFTER THE REPORTING PERIOD

On 6 December 2013, the Board of Directors of Bursa Malaysia Derivatives approved the proposed revamp of Bursa Malaysia Derivatives' participants' structure which creates a single trading right that would enable Bursa Malaysia Derivatives TPs to trade all categories of products on the derivatives exchange ("the Proposed Revamp").

On 24 January 2014, the ordinary shareholders and holders of the non-cumulative "A", "B" and "C" preference shares of Bursa Malaysia Derivatives approved the proposed share capital reduction and capital repayment.

On 3 April 2014, the High Court of Malaya confirmed the proposed share capital reduction and capital repayment pursuant to Section 64 of the Companies Act 1965.

The Proposed Revamp was completed in the following manner upon obtaining the above requisite approvals and confirmation:

- (a) On 14 April 2014, the Rules of Bursa Malaysia Derivatives were amended and non-cumulative preference shares of RM1 each, existing at this date, were cancelled:
 - (i) 40 non-cumulative "A" preference shares;
 - (ii) 17 non-cumulative "B" preference shares; and
 - (iii) 28 non-cumulative "C" preference shares.

Accordingly, the issued and paid-up share capital of Bursa Malaysia Derivatives was reduced from RM50,000,095 to RM50,000,010.

- (b) On 15 April 2014, 19 new redeemable "A" and 14 new redeemable "B" preference shares of RM1.00 each were issued and allotted to the previous holders of non-cumulative "A", "B" and "C" preference shares who were entitled to the new redeemable "A" and "B" shares of RM1.00 each.
- (c) On 16 April 2014, all the new redeemable "A" and "B" preference shares were redeemed based on the terms and conditions of the new redeemable preference shares as set out in the Articles of Association of Bursa Malaysia Derivatives. Bursa Malaysia Derivatives' share premium account was fully utilised for the redemption.

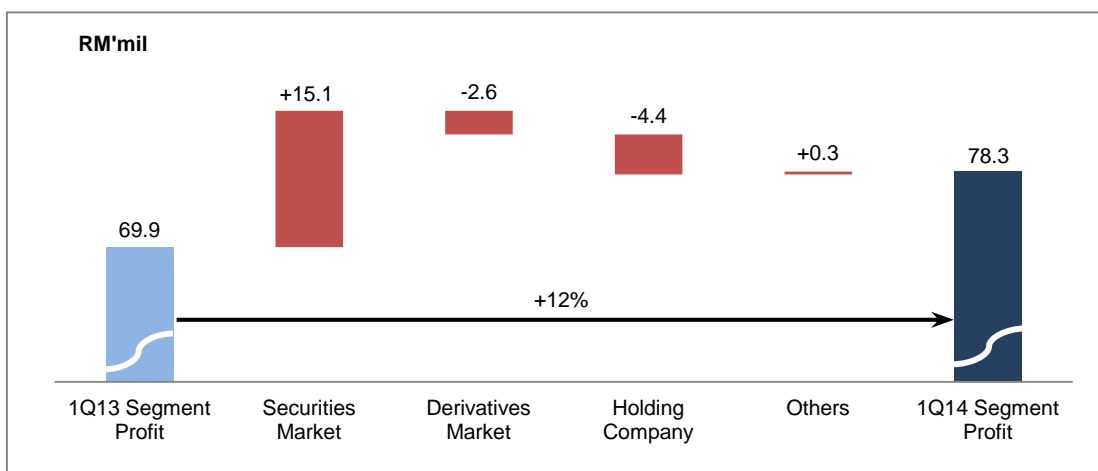
**PART B: EXPLANATORY NOTES PURSUANT TO MAIN
MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

21. OPERATING SEGMENTS REVIEW

1Q14 vs. 1Q13

Profit before tax (PBT) for the quarter ended 31 March 2014 (1Q14) was RM62.9 million, an increase of 13 per cent from RM55.5 million in the quarter ended 31 March 2013 (1Q13). PBT is made up of segment profits less overheads (as depicted in Note 11).

Total segment profit for 1Q14 was RM78.3 million, an increase of 12 per cent from RM69.9 million in 1Q13. The quarter movements in the segment profits are depicted in the graph below:

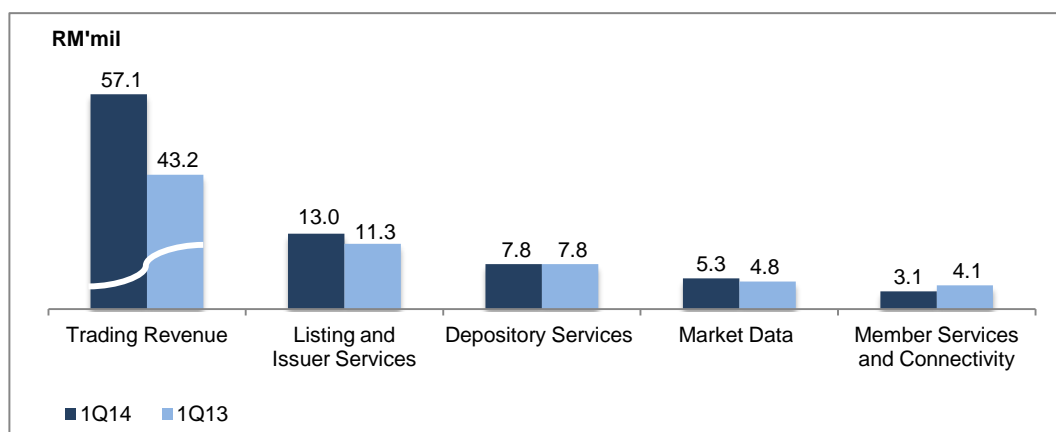


Securities Market

The securities market recorded a segment profit of RM68.3 million in 1Q14, an increase of 28 per cent compared to RM53.2 million in 1Q13. The higher profit was mainly due to higher trading value on securities market in 1Q14 compared to 1Q13.

(i) Operating Revenue

Securities market operating revenue for 1Q14 was RM86.3 million, representing an increase of 21 per cent compared to RM71.2 million in 1Q13. The increase was mainly due to trading revenue and listing and issuer services, as shown in the chart below:



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

21. OPERATING SEGMENTS REVIEW (CONT'D.)

1Q14 vs. 1Q13 (Cont'd.)

Securities Market (Cont'd.)

(i) Operating Revenue (Cont'd.)

- > Trading revenue increased by 32 per cent to RM57.1 million in 1Q14 compared to 1Q13. 1Q14 saw higher average daily value (ADV) for on-market trades (OMT) and direct business trades (DBT) of RM2.16 billion compared to RM1.72 billion in 1Q13 and an increase in effective clearing fee rate to 2.37 basis points (1Q13: 2.20 basis points) due to higher retail participants.
- > Listing and issuer services increased by 15 per cent to RM13.0 million in 1Q14 compared to 1Q13. The increase in 1Q14 mainly due to a higher number of new structured warrant listings and higher number of corporate exercises.
- > Member services and connectivity decreased by 23 per cent to RM3.1 million in 1Q14 compared to 1Q13. The lower revenue in 1Q14 was as a result of a revision in direct market access fees structure.

Key operating drivers in the securities market are as follows:

		1Q14	1Q13	%
FBM KLCI	(points)	1,849.21	1,671.63	11
Average daily trading value (OMT and DBT)	(RM'billion)	2.16	1.72	26
Average daily trading volume (OMT and DBT)	(billion)	2.05	1.07	92
Effective clearing fee rate	(basis points)	2.37	2.20	8
Velocity	(per cent)	30	28	7
Number of IPOs		2	2	-
Number of new structured warrant listings		156	122	28
Total funds raised:				
- IPOs	(RM'billion)	1.90	0.39	387
- Secondary issues	(RM'billion)	5.51	2.03	171
Market capitalisation at end of period	(RM'billion)	1,719.11	1,472.48	17

(ii) Operating Expenses

Segment expenses increased marginally by 1 per cent to RM20.9 million in 1Q14 compared to 1Q13. The increase in 1Q14 mainly due to higher staff costs and information technology maintenance. However, the increase is offset by lower depreciation.

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

21. OPERATING SEGMENTS REVIEW (CONT'D.)

1Q14 vs. 1Q13 (Cont'd.)

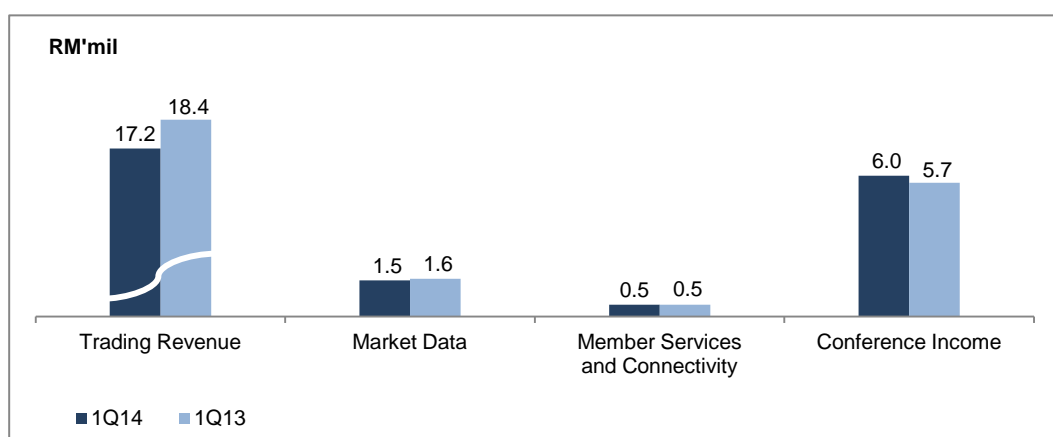
Derivatives Market

The derivatives market recorded a segment profit of RM12.0 million in 1Q14, a decrease of 18 per cent compared to RM14.7 million in 1Q13. Despite higher trading volume in 1Q14, derivatives market segment profit was lower as result of lower guarantee and collateral management fees earned.

(i) Operating Revenue

Derivatives market operating revenue for 1Q14 was RM25.2 million, representing a decrease of 4 per cent compared to RM26.2 million in 1Q13. The decrease came mainly from lower margin based fees, which formed a portion of trading revenue.

The components of operating revenue and key operating drivers are shown in the chart and table below respectively.



Key operating drivers in the derivatives market are as follows:

		1Q14	1Q13	%
FCPO contracts	(million)	2.34	2.00	17
FKLI contracts	(million)	0.58	0.61	-5
Other contracts	(million)	0.03	0.01	200
Total	(million)	2.95	2.62	13
Daily average contracts		50,046	45,188	11
Average number of open interests		221,577	213,972	4

(ii) Operating Expenses

Segment expenses increased by 17 per cent to RM14.3 million in 1Q14 compared to RM12.2 million in 1Q13 mainly due to higher service fees charged as a result of the increase in trading volumes in 1Q14 compared to 1Q13 and higher staff costs.

21. OPERATING SEGMENTS REVIEW (CONT'D.)

1Q14 vs. 1Q13 (Cont'd.)

Exchange Holding Company

The exchange holding company recorded a segment loss position of RM2.6 million in 1Q14 mainly due to lower broker services and interest income earned, as well as higher staff costs.

Others

Others segment is made up of our BSAS business, bonds trading and offshore exchange. The Others segment profit increased by 141 per cent from RM0.2 million in 1Q13 to RM0.6 million in 1Q14 as a result of the increasing use of BSAS as a commodity murabahah trading platform.

Overheads

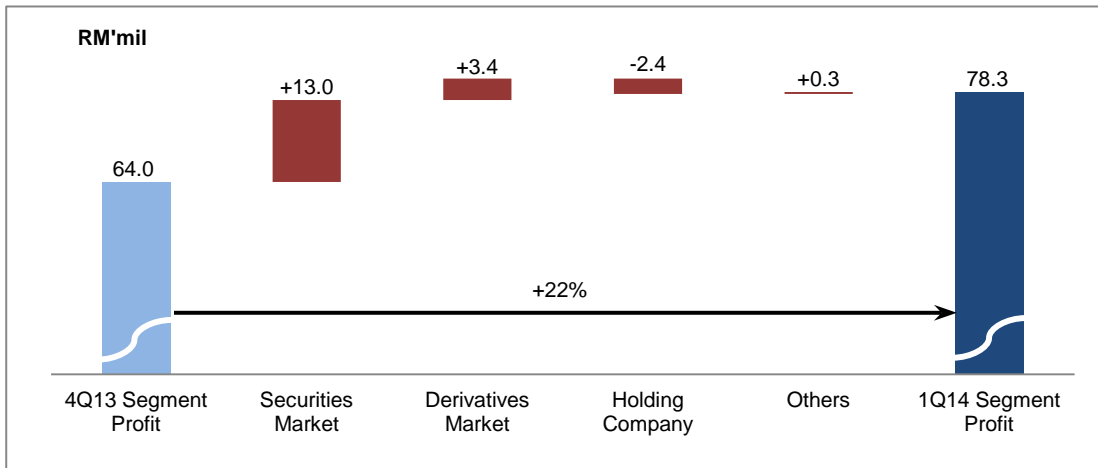
Overheads increased by 7 per cent to RM15.4 million in 1Q14 compared to RM14.4 million in 1Q13 mainly due to higher staff costs.

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

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

PBT for 1Q14 was RM62.9 million, an increase of 30 per cent from RM48.3 million in the quarter ended 31 December 2013 (4Q13). PBT is made up of segment profits less overheads.

Total segment profit for 1Q14 were RM78.3 million, an increase of 22 per cent from RM64.0 million in 4Q13. The quarter on quarter movements in the segment profits are depicted in the graph below:

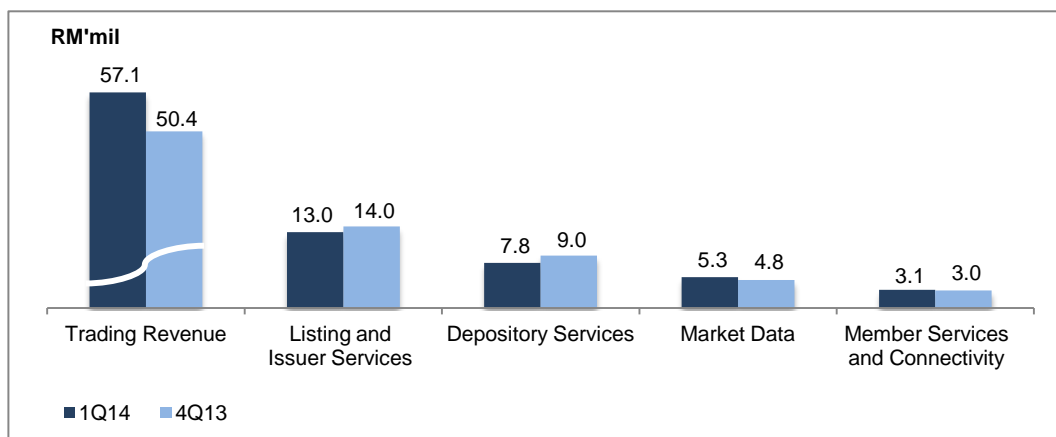


Securities Market

The securities market recorded a segment profit of RM68.3 million in 1Q14, an increase of 23 per cent compared to RM55.3 million in 4Q13. The higher profit in 1Q14 was mainly due to higher operating revenue and lower operating expenses as compared to 4Q13.

(i) Operating Revenue

Securities market operating revenue increased by 6 per cent to RM86.3 million in 1Q14 compared to RM81.2 million in 4Q13. The increase came mainly from trading revenue, as shown in the chart below:



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

22. 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 increased by 13 per cent to RM57.1 million in 1Q14 compared to 4Q13. ADV for OMT and DBT in 4Q13 included a trading value of RM34 billion in DBT resulting from a shares transfer transaction by a corporate entity which earned a minimal fee. Hence, 1Q14 saw a higher ADV for OMT of RM2.07 billion compared to RM1.69 billion in 4Q13.
- > Listing and issuer services decreased by 7 per cent to RM13.0 million in 1Q14 compared to 4Q13. The increase in 4Q13 was mainly due to higher perusal and processing fees earned from a higher number of corporate exercises.
- > Depository services decreased by 13 per cent to RM7.8 million in 1Q14 compared to 4Q13. The decrease was mainly due to higher public issue fees earned from IPOs in 4Q13.

Key operating drivers in the securities market are as follows:

		1Q14	4Q13	%
FBM KLCI	(points)	1,849.21	1,866.96	-1
Average daily trading value (OMT and DBT)	(RM'billion)	2.16	2.33	-7
Average daily trading volume (OMT and DBT)	(billion)	2.05	1.71	20
Effective clearing fee rate	(basis points)	2.37	2.38	0
Velocity	(per cent)	30	25	20
Number of IPOs		2	7	-71
Number of new structured warrant listings		156	107	46
Total funds raised:				
- IPOs	(RM'billion)	1.90	4.84	-61
- Secondary issues	(RM'billion)	5.51	4.37	26
Market capitalisation at end of period	(RM'billion)	1,719.11	1,702.15	1

(ii) Operating Expenses

Segment expenses decreased by 26 per cent to RM20.9 million in 1Q14 compared to RM28.4 million in 4Q13 mainly due to adjustments to performance rewards, a write off of obsolete computer software and more marketing and development activities in 4Q13.

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

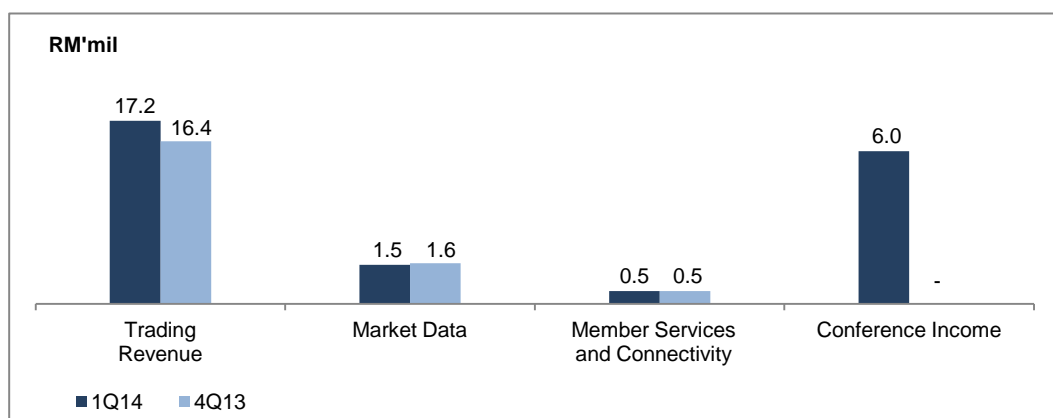
22. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (CONT'D.)

Derivatives Market

The derivatives market recorded a segment profit of RM12.0 million for 1Q14, an increase of 40 per cent compared to RM8.6 million in 4Q13. The higher profit in 1Q14 was attributed to the conference income from Palm and Lauric Oils Conference & Exhibition Price Outlook 2014 (POC) conference held in 1Q14.

(i) Operating Revenue

Derivatives market operating revenue for 1Q14 was RM25.2 million, representing an increase of 37 per cent compared to RM18.5 million in 4Q13. The increase mainly arose from conference income, as shown in the chart below:



- > Trading revenue increased by 5 per cent to RM17.2 million in 1Q14 compared to 4Q13 as a result of higher contract traded. 2.95 million contracts were traded in 1Q14 compared to 2.62 million contracts in 4Q13.

Key operating drivers in the derivatives market are as follows:

		1Q14	4Q13	%
FCPO contracts	(million)	2.34	2.03	15
FKLI contracts	(million)	0.58	0.56	4
Other contracts	(million)	0.03	0.03	-
Total	(million)	2.95	2.62	13
Daily average contracts		50,046	41,535	20
Average number of open interests		221,577	204,247	8

(ii) Operating Expenses

Segment expenses increased by 31 per cent to RM14.3 million in 1Q14 compared to RM10.9 million in 4Q13 mainly due to conference expenses incurred for the POC conference.

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

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

Exchange Holding Company

The exchange holding company recorded a higher segment loss of RM2.6 million in 1Q14 compared to 4Q13. The lower segmental loss in 4Q13 was mainly due to higher dividend income and broker services fee.

Others

Others segment is made up of our BSAS business, bonds trading and offshore exchange. The Others segment profit increased by 116 per cent to RM0.6 million in 1Q14 from RM0.3 million in 4Q13 as a result of higher marketing and development activities and an adjustment for performance rewards in 4Q13.

Overheads

Overhead decreased marginally by 2 per cent to RM15.4 million in 1Q14 compared to RM15.7 million in 4Q13.

23. COMMENTARY ON PROSPECTS AND TARGETS

The International Monetary Fund forecasts global growth to increase to 3.6% in 2014 (2013: 3%). Global activity has broadly strengthened, with much of the impetus coming from advanced economies. Nevertheless, the global economy is still fragile and downside risks to growth remain. Global fund flows have been and are expected to continue to be affected by decisions and events primarily in the United States, Europe, China and Japan.

The Malaysian economy, on the other hand, is expected to continue on its steady growth path in 2014, with the central bank projecting real GDP to expand by 4.5% to 5.5% (2013: 4.7%). The growth momentum is expected to be supported by sustained domestic demand, robust private investment, and increased exports. The underlying strong fundamentals of the Malaysian economy, as well as the steady economic growth prospects, are expected to continue to support investors' confidence. The ample liquidity in the financial system is also sufficient to support the capital market over the medium term.

Against this backdrop, we expect domestic retail to improve and local institutions to continue to support the equity market, while we see opportunities for growth in ASEAN retail and foreign fund participation. Crucial to the growth of our market in the current economy are our outreach activities as well as the ability to provide diversified and investable products to existing and potential investors.

The challenges and uncertainties which affect investor sentiment on the equities market, as described above, and the unpredictable weather patterns (which will affect palm oil prices) will continue to affect the trading of our two key contracts on the derivatives market - the FKLI and FCPO contracts. Our efforts to deepen our distribution channels, promote our existing products and widen our range of derivatives offerings are expected to improve the volume traded this year.

The Islamic capital market is expected to garner positive growth on the back of increased acceptance and traction of Shariah compliant products. Wider usage of Murabahah contracts is expected to spur greater utilisation of our commodity trading platform, Bursa Suq Al-Sila' (BSAS).

While being cognisant of the impact of external events on our performance, we remain focused in developing our securities, derivatives and Islamic markets.

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

24. INCOME TAX EXPENSE

RM'000	Quarter ended	
	31.03.2014	31.03.2013
Income tax	13,424	13,105
Deferred tax	2,608	2,053
Total income tax expense	16,032	15,158

Income tax is calculated at the Malaysian statutory tax rate of 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 year principally due to certain expenses which were not deductible for tax purposes.

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016.

25. RETAINED EARNINGS

RM'000	As at	As at
	31.03.2014	31.12.2013
Realised	359,342	395,350
Unrealised	(13,775)	(11,414)
	345,567	383,936
Consolidation adjustments	(2,715)	(974)
Total retained earnings	342,852	382,962

26. CORPORATE PROPOSALS

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

27. BORROWINGS AND DEBT SECURITIES

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

28. 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**

29. DIVIDEND PAYABLE

Details of the final dividend under the single-tier system approved by the shareholders at the Company's Annual General Meeting is as follows:

	31.03.2014	31.03.2013
Final dividend for financial year ended	31 December 2013	31 December 2012
Amount per share	16.0 sen	13.5 sen
Approved and declared on	27 March 2014	28 March 2013
Entitlement to dividends based on		
Record of Depositors as at	3 April 2014	3 April 2013
Date payable	16 April 2014	16 April 2013

30. EPS

(a) Basic EPS

	Quarter ended	
	31.03.2014	31.03.2013
Profit attributable to the owners of the Company (RM'000)	45,148	38,200
Weighted average number of ordinary shares in issue ('000)	532,612	532,024
Basic EPS (sen)	8.5	7.2

(b) Diluted EPS

	Quarter ended	
	31.03.2014	31.03.2013
Profit attributable to owners of the Company (RM'000)	45,148	38,200
Weighted average number of ordinary shares in issue ('000)	532,612	532,024
Effect of dilution ('000)	1,977	849
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	534,589	532,873
Diluted EPS (sen)	8.4	7.2

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

31. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2013 was unqualified.

32. REVIEW BY EXTERNAL AUDITORS

The Board had engaged the external auditors to review and report on the condensed consolidated financial statements of Bursa Malaysia Berhad for the quarter ended 31 March 2014 in accordance with 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 has come to their attention that causes 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 in accordance with IAS 34 *Interim Financial Reporting* issued by the IASB. The report was made to the Board in accordance to the terms of reference with the external auditors and for no other purpose.

33. AUTHORISED FOR ISSUE

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 17 April 2014.