



# DRIVING SUSTAINABILITY AND INCLUSIVENESS

ANNUAL REPORT 2015



## Cover Rationale

The cover for our 2015 Annual Report reflects the central role Bursa Malaysia is playing in driving the sustainability of our marketplace and positioning ourselves as ASEAN's leading stock exchange on sustainability agenda. We are committed to building an inclusive and connected marketplace, one where we work closely with Malaysian capital market stakeholders and custodians to broaden and deepen the integration of sustainable strategies in all areas.

# 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.

# OUR REPORTS

We produce a full suite of reporting publications to cater to the diverse needs of our broad stakeholder base. The following reports, which support our Annual Report, are tailored to meet our readers' specific information requirements.



	Objective	Frameworks applied	Cross-referencing
Annual Report 2015	<ul style="list-style-type: none"> <li>Provides a comprehensive discussion of the Group's performance</li> </ul>	<ul style="list-style-type: none"> <li>Bursa Malaysia Securities Main Market Listing Requirements</li> <li>Malaysian Financial Reporting Standards</li> <li>International Financial Reporting Standards</li> <li>Companies Act, 1965</li> </ul>	Bursa Malaysia Website 
Sustainability Report 2015	<ul style="list-style-type: none"> <li>Presents a balanced and comprehensive analysis of the Group's sustainability practices and performance in relation to issues material to our stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Global Reporting Initiative GRI G4</li> <li>Bursa Malaysia Securities Main Market Listing Requirements</li> <li>ISO 26000</li> </ul>	

# OUR STRATEGIC INTENTS

Our strategic intents and 2015 initiatives, bringing us another step closer to becoming

## ASEAN'S MULTINATIONAL MARKETPLACE



# CHAIRMAN'S LETTER TO SHAREHOLDERS

*Dear  
Shareholders,*

**IT GIVES ME GREAT HONOUR TO ADDRESS YOU THROUGH THIS ANNUAL REPORT IN MY INAUGURAL YEAR AS THE CHAIRMAN OF BURSA MALAYSIA BERHAD'S BOARD OF DIRECTORS ("THE BOARD").**

The financial year under review was challenging for both the Malaysian and global marketplaces as investor sentiment was weighed down by easing growth and weakening commodity prices.

**Tan Sri Amirsham A Aziz**  
*Chairman*





Nevertheless, the Malaysian economy and market have proven themselves resilient against these challenges thanks to their diversity and robust fundamentals. Bursa Malaysia has drawn on these strengths and continued to be a source of value for our stakeholders even within this more challenging operating environment. The confidence of our investors and issuers is evident from the fact that Bursa Malaysia was again the largest ASEAN fundraising destination for the second consecutive year.

With numerous signs suggesting that 2016 will remain a challenging year for market players, the Exchange must remain focused in dispensing its obligations as both a market regulator and as a value creator. It is from within this context that we have embarked on our next strategic phase of development, which calls upon us to accelerate the development of sustainable communities with our stakeholders to strengthen our practices in this area.

Over the past 12 months, we launched a number of sustainability initiatives that will take us to the next phase of our sustainability journey. These initiatives aim to strengthen our collaboration with our stakeholders towards shared Economic, Environmental and Social (“EES”) goals to position the Malaysian marketplace as a regional leader.

We believe that our sustainability initiatives together with our continued pursuit of operational excellence and innovation will further enhance the long-term future of our organisation, as well as of the Malaysian marketplace in general.

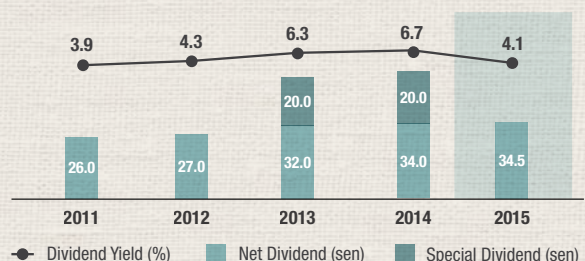
**Total dividends paid**

**34.5** sen  
per share

**CREATING SHAREHOLDER VALUE**

The initiatives implemented over the last several years have contributed to greater market diversity and resilience, which have protected our shareholder value in these challenging times. Thus, despite a 3% fall in the average daily trading value (“ADV”) for on-market trades in our Securities Market in 2015 to RM2.0 billion from RM2.1 billion a year ago, we managed to maintain our profitability levels due to the better performance of our Derivatives and Islamic Capital Markets.

The Exchange posted a Profit after Tax and Minority Interest (“PATAMI”) of RM198.6 million, a marginal increase from RM198.2 million recorded a year ago. Earnings per Share (“EPS”) amounted to 37.2 sen during the same period, translating into an annualised Return on Equity (“ROE”) of 25.6%. Based on this performance, the Board has recommended a final dividend of 18 sen, bringing our total dividend declared for FY2015 to 34.5 sen, which represents a yield of 4.1%, and is equivalent to 93% of PATAMI.



**Dividend yield of**

**4.1%**  
as at 31<sup>st</sup> December 2015

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## CHAIRMAN'S LETTER TO SHAREHOLDERS

### BUILDING A SUSTAINABLE CORE

As stated in my introduction, Bursa Malaysia has embarked on a concerted programme to broaden and deepen our sustainability journey to become more inclusive. The past year saw us implement a number of initiatives designed to build greater resilience in our markets including:

- **Following the launch of the FTSE4Good Bursa Malaysia Index**, the Exchange conducted initial research and engagement programmes with the top 200 companies (in terms of market capitalisation) to evaluate their potential admission into the FTSE4Good Bursa Malaysia Index. The Index is reviewed twice yearly in June and December. Following the December 2015 review, the constituents of the Index increased to 34 from 25, which demonstrates a significant improvement in Malaysian companies' environmental, social and governance ("ESG") performance. The increase also reflects greater recognition of and better adherence to higher sustainability disclosure by our Public Listed Companies ("PLCs").
- **The Bursa Malaysia ASEAN Capital Market CEO Summit 2015 ("ASEAN CAP10") Sustainability Series:** As part of the Exchange's commitment to moving the sustainability agenda forward, the Exchange developed the ASEAN CAP10 Sustainability Series which included two key events in 2015, namely the Global Sustainability and Impact Investing Forum in July and the Sustainability Symposium in October. These events served as platforms gathering some of the best minds together to discuss issues related to regional sustainability, building awareness and creating conversations between the various stakeholders on both local and global issues.
- **Signing the United Nation's Sustainable Stock Exchanges ("UN SSE") Initiative commitment:** Bursa Malaysia made a formal commitment to promote sustainability performance and transparency in its capital market by becoming a signatory to the UN SSE's sustainability initiative. In doing so, Bursa Malaysia committed itself to prioritising sustainability and to introducing global best practices into the Malaysian market. In addition, Bursa Malaysia is also a part of the World Federation of Exchanges' Sustainability Working Group.
- **New Sustainability Framework:** We are driving the sustainability agenda among our PLCs through the launch of a new sustainability framework in October 2015. The framework made amendments to the Listing Requirements, and saw the issuance of a sustainability reporting guide and sustainability toolkits to our PLCs. The framework, developed following a series of interviews and focus group sessions with key stakeholders, requires our PLCs to consider their EES impacts in greater depth, assess EES risks and opportunities that are material to them and their stakeholders, and to better identify and engage their key stakeholders.

In addition to the new PLCs listed under the FTSE4Good Bursa Malaysia Index, I am pleased to note that Malaysian PLCs as a whole have been excellent sustainability standard bearers for our marketplace after having been recognised in regional sustainability awards. For example, three of our PLCs, including Bursa Malaysia, placed in the Top 100 of Channel NewsAsia's Sustainability Ranking 2015. Also, the fact that Bursa Malaysia ranked higher than its listed peers in the survey is further encouragement that we as an organisation are on the right track.

The collective efforts of both Bursa Malaysia and its PLCs to improve corporate governance have also shown results. In its Corporate Governance Watch 2014 survey, the Asian Corporate Governance Association placed Malaysia fourth in the overall rankings. At the same time, Malaysia is the only market that has consistently edged up in scoring in every subsequent survey since its start in 2007. The results of the ASEAN CG Scorecard also show that the transparency practices of Malaysian PLCs are improving based on their scoring in the Transparency Index.

We subscribe to the principle that good sustainable practice translates into good business not only in terms of making organisations more resilient, but also in terms of giving them a sharper competitive edge, especially in view of the increasing interconnectedness of markets. At present, the overall market for sustainable investment in Asia is robust and continues to grow, increasing to USD53 billion at the start of 2014 from USD40 billion at the start of 2012 in the 13 markets where data was collected.

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Awarded

# TOP 100

of Channel NewsAsia's Sustainability Ranking 2015

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Asian Corporate Governance Association

# MALAYSIA 4<sup>TH</sup>

in the overall rankings

## CHAIRMAN'S LETTER TO SHAREHOLDERS

Sustainability thereby creates value for both shareholders and stakeholders in terms of greater returns as well as better stewardship of EES goals. Finally, I would like to reiterate that our sustainability journey did not begin with the initiatives in 2015 nor do they end with their implementation; rather, it is important to recognise that developing sustainability is a continual process and we expect to make further developments going forward.

### AWARDS AND RECOGNITION

Bursa Malaysia received a number of awards recognising its performance and commitment to market development in the financial year under review. The awards received include the ASEAN Top 50 Public-Listed Company, ASEAN Top 5 Public-Listed Company and Malaysia Top 3 Public-Listed Company at the inaugural ASEAN Corporate Governance Conference. In addition, the Exchange also received the Excellence Award for Top Corporate Governance and Performance (Overall) and Merit Award for Corporate Governance Disclosure at the MSWG-ASEAN Corporate Governance Transparency Index, Findings and Recognition 2015. We are encouraged by the accolades received, which serve as indicators that we are progressing on the right track. A full list of our awards is available on page 7 of the Annual Report 2015.

### EXTRACTING VALUE FROM ASEAN

With regard to our role as a stock exchange operator, our next phase of development will see us leverage on our competitive advantages – e.g. our established framework on sustainability, our role in providing global benchmark for crude palm oil contracts and our role as the global pacesetter in the Islamic Capital Market – to enhance our footprint in ASEAN. The official launch of the ASEAN Community in October 2015 is a timely reminder that our horizons extend beyond Malaysian borders to encompass the region as a whole. ASEAN, collectively, is the seventh largest marketplace in the world, with a degree of built-in diversity that makes us an attractive and robust trading partner.

To take full advantage of ASEAN opportunities, Bursa Malaysia will accelerate its positioning as ASEAN's Multinational Marketplace. In other words, Bursa Malaysia aims to leverage on PLCs with regional exposure as an attraction for investors looking for ASEAN representation. We will continue to work closely with our PLCs going forward to develop winning propositions for all parties.

Bursa Malaysia strives to develop itself as a regional leader in key areas of the capital markets, e.g. in sustainability, governance and the Islamic capital market. The Exchange's role as a regional first adopter in many of these areas will be a key competitive advantage, but one that will require greater development if it is to remain in a leadership position.

### ACKNOWLEDGEMENTS

We are aware that we will need the combined efforts of our PLCs and stakeholders if we are to attain our vision of becoming the region's leading stock exchange. They have been splendid supporters thus far, and, on behalf of the Board of Directors, I would like to thank and recognise them for all their efforts. Special acknowledgement also goes to our shareholders, as well as to our regulators and policymakers, in particular the Ministry of Finance, the Securities Commission and Bank Negara Malaysia, for their contributions to our vibrant marketplace.

Our appreciation also goes out to the Management, and from a personal capacity, to my colleagues on the Board of Directors who have provided keen insight and advice during my first year as the Chairman of the Board. Last but not least, our thanks to the staff of Bursa Malaysia whose sacrifice and efforts are the very cornerstone of all our endeavours.



**Tan Sri Amirsham A Aziz**  
*Chairman*

### ASEAN

# TOP 5 PLC

at the inaugural ASEAN Corporate Governance Conference

# OUR PERFORMANCE

## 5-YEAR HIGHLIGHTS

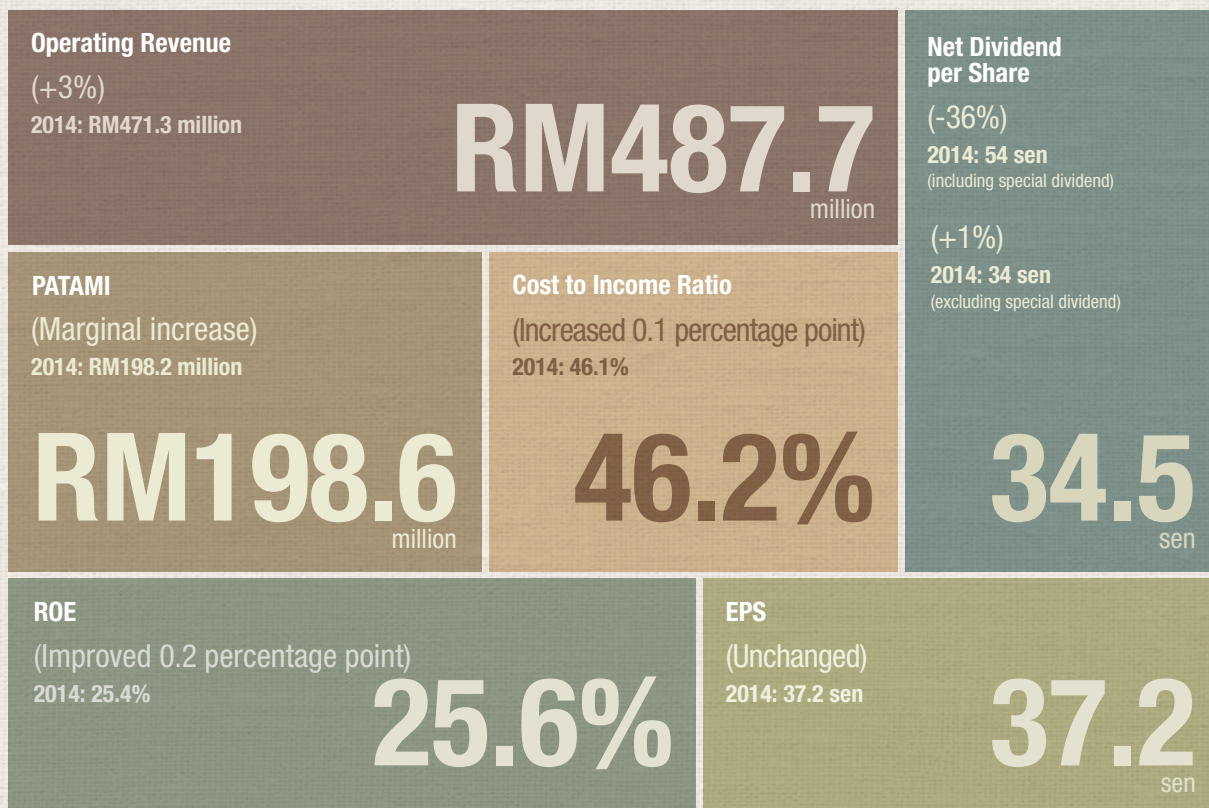
	31 DEC 2011 <sup>1</sup>	31 DEC 2012 <sup>1</sup>	31 DEC 2013	31 DEC 2014	31 DEC 2015
<b>Key Operating Results (RM million)</b>					
Operating Revenue	381.5	388.5	439.8	471.3	487.7
Operating Expenses	212.0	209.2	229.4	232.0	239.8
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	207.9	212.9	245.4	264.6	271.7
Profit after Tax and Minority Interest ("PATAMI")	143.1	150.6	173.1	198.2	198.6
<b>Other Key Data (RM million)</b>					
Total Assets	1,673.5	2,198.4	1,741.7	1,656.5	2,086.5
Total Liabilities	818.4	1,325.1	914.2	893.8	1,267.0
Shareholders' Equity	840.8	857.6	811.2	748.7	803.4
Capital Expenditure	13.6	26.7	33.3	11.9	14.1
<b>Financial Ratios (%)</b>					
Operating Revenue Growth	15.2	1.8	13.2	7.1	3.5
Cost to Income Ratio	51.1	49.3	48.3	46.1	46.2
Net Profit Margin	35.7	36.9	37.8	40.5	39.8
PATAMI Growth	27.8	5.2	14.9	14.5	0.2
Return on Equity ("ROE")	17.0	17.7	20.7	25.4	25.6
<b>Share Information</b>					
Earnings per Share ("EPS") (sen)	26.9	28.3	32.5	37.2	37.2
Net Dividend per Share (sen)	26.0	27.0	52.0	54.0	34.5
Dividend Yield (%)	3.9	4.3	6.3	6.7	4.1
Payout Ratio (%)	94.6	94.8	98.5	91.5	92.9
Net Assets per Share (RM)	1.58	1.61	1.52	1.40	1.50
Share Price - High (RM)	9.02	7.72	8.47	8.32	9.00
Share Price - Low (RM)	5.76	5.91	6.22	7.40	7.48
Share Price as at 31 December (RM)	6.70	6.22	8.23	8.10	8.35
Price Earnings Ratio (times)	25	22	25	22	22
Company Market Capitalisation (RM billion)	3.6	3.3	4.4	4.3	4.5

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

- Fines receipts and related expenses no longer recognised in income statement following the setting up of Capital Market Education and Integrity Fund ("CMEIF") on 1 January 2013.
- Actuarial gains and losses were recognised following the adoption of MFRS 119 Employee Benefits (Revised) on 1 January 2013.



# FINANCIAL HIGHLIGHTS



## Operating Revenue (RM million)

487.7	2015
471.3	2014
439.8	2013
388.5	2012
381.5	2011

## Operating Expenses (RM million)

239.7	2015
232.0	2014
229.4	2013
209.2	2012
212.0	2011

## PATAMI (RM million)

198.6	2015
198.2	2014
173.1	2013
150.6	2012
143.1	2011

## Net Dividend per Share (sen)

34.5	2015
54.0	2014
52.0	2013
27.0	2012
26.0	2011

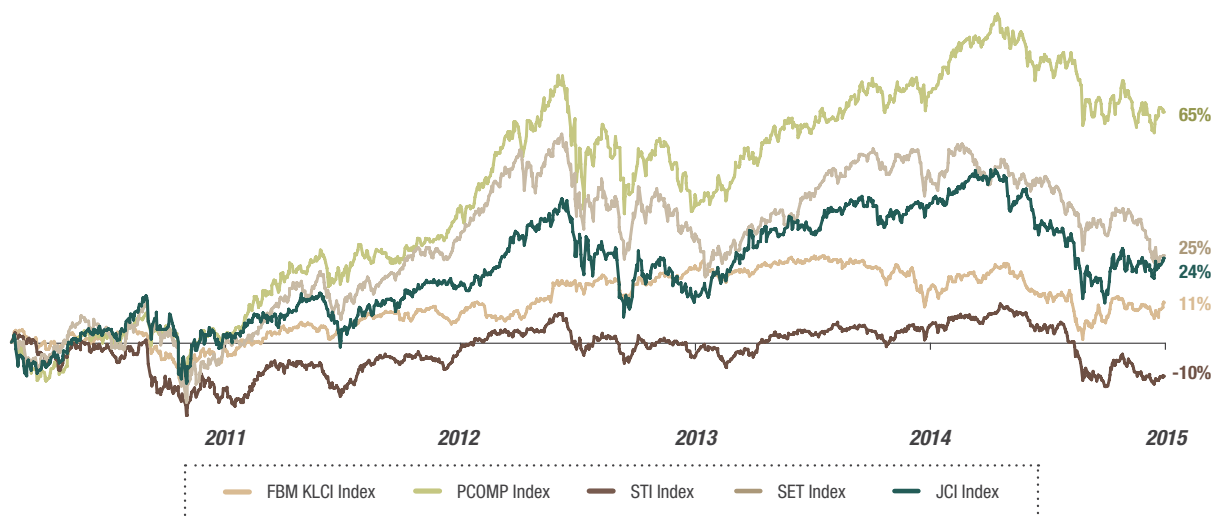
# PEER COMPARISON

## BENCHMARK INDEX PERFORMANCE IN 2015

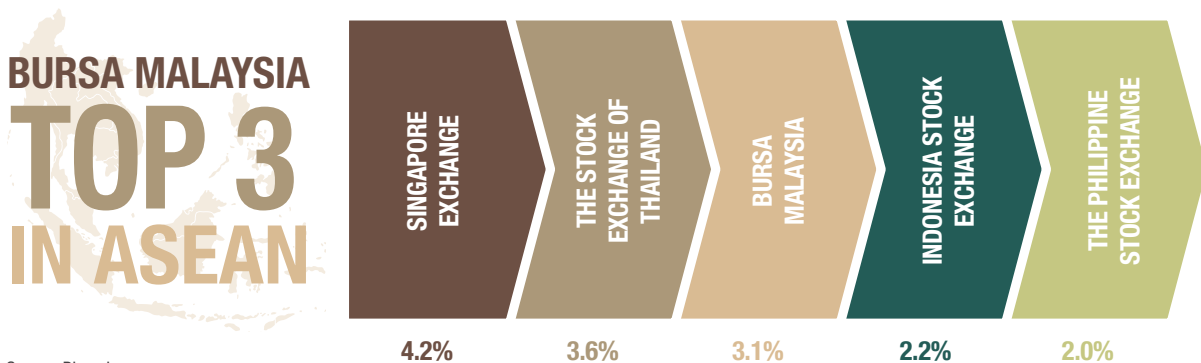
FBM KLCI INDEX Bursa Malaysia	PCOMP INDEX The Philippine Stock Exchange	JCI INDEX Indonesia Stock Exchange	STI INDEX Singapore Exchange	SET INDEX The Stock Exchange of Thailand
-4%	-4%	-12%	-14%	-14%
<b>1,692.51</b>	<b>6,952.08</b>	<b>4,593.01</b>	<b>2,882.73</b>	<b>1,288.02</b>

■ ASEAN EXCHANGES YoY INDEX GROWTH 2015  
 ■ INDEX POINT AS AT 31<sup>st</sup> DECEMBER 2015  
 Source: Bloomberg

## ASEAN EXCHANGES FIVE-YEAR INDEX GROWTH FROM 2011-2015



## DIVIDEND YIELD (%)

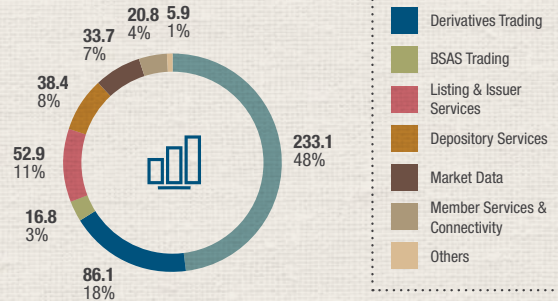


Source: Bloomberg

# ECONOMIC VALUE CREATED FOR SHAREHOLDERS

## OPERATING REVENUE

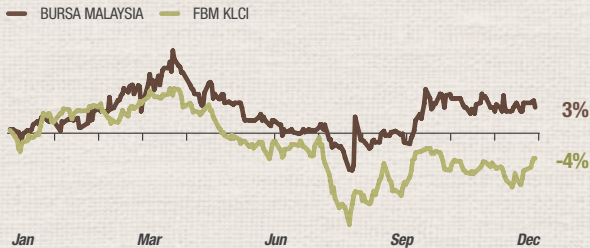
(RM million)



Total operating revenue for 2015 rose 3% to RM487.7 million from RM471.3 million in 2014.

## SHARE PRICE PERFORMANCE

Bursa Malaysia Share Price Performance vs. FBM KLCI



Bursa Malaysia Share Price Performance vs. Listed Asian Peers

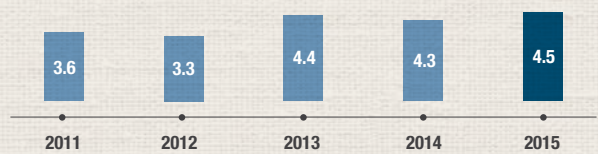


Bursa Malaysia's share price increased 3% reflecting its resilience within volatile market conditions. Starting the year strong at RM8.10, Bursa Malaysia's share price traded at its highest level since 2011 at RM9.00 on 24<sup>th</sup> April 2015. The share price closed at RM8.35 on 31<sup>st</sup> December 2015.

In the wider market, the FBM KLCI was weighed down by several factors, including a weaker Ringgit, depressed commodity prices, a slowdown in China's economy and higher interest rates in the US resulting in capital outflows.

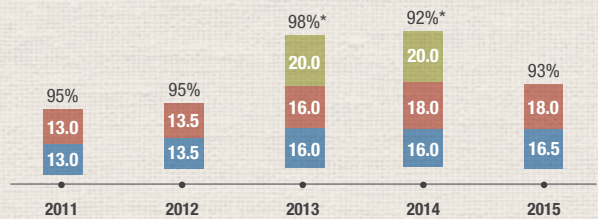
## MARKET CAPITALISATION\*

(RM billion)

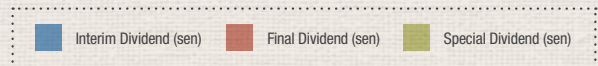


\* As at 31<sup>st</sup> December

## FIVE-YEAR DIVIDEND PAYOUT TO SHAREHOLDERS

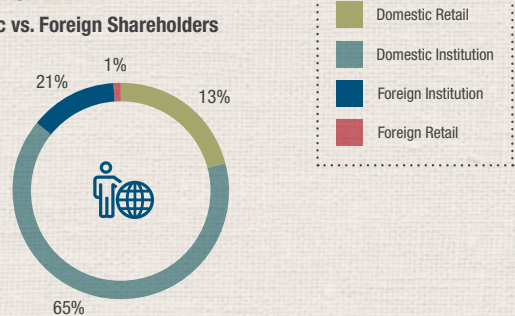


\* The dividend payout as a percentage of PATAMI, not including special dividend



## SHAREHOLDER MIX

Domestic vs. Foreign Shareholders



Our public shareholding of 61% represents a fair free float of Bursa Malaysia's shares and a healthy level of liquidity. As at the end of 2015, we had a total of 17,702 shareholders.



## INVESTOR RELATIONS CONTACT

Shareholders and investors may contact the Investor Relations ("IR") team directly at [ir@bursamalaysia.com](mailto:ir@bursamalaysia.com) or via the IR section on our website. You can also subscribe to our alert list to receive regular Bursa Malaysia updates via email from our website.

# CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 RM'000	2014 RM'000
Operating revenue	487,670	471,268
Other income	30,834	32,488
	<b>518,504</b>	503,756
Staff costs	(133,938)	(127,604)
Depreciation and amortisation	(23,739)	(25,287)
Other operating expenses	(82,051)	(79,106)
Profit before tax	278,776	271,759
Income tax expense	(72,321)	(67,737)
<b>Profit for the year</b>	<b>206,455</b>	204,022
<b>Profit attributable to:</b>		
Owners of the Company	198,613	198,226
Non-controlling interest	7,842	5,796
	<b>206,455</b>	204,022
<b>Earnings per share attributable to owners of the Company (sen per share):</b>		
Basic	37.2	37.2
Diluted	37.0	37.0

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	2015 RM'000	2014 RM'000
<b>Assets</b>		
<b>Non-current assets</b>		
Property, plant and equipment	191,214	197,264
Computer software	52,873	57,122
Goodwill	42,957	42,957
Investment securities	203,401	188,449
Staff loans receivable	4,392	5,919
Deferred tax assets	2,307	3,673
	<b>497,144</b>	<b>495,384</b>
<b>Current assets</b>		
Trade receivables	48,674	41,289
Other receivables	23,042	17,412
Tax recoverable	3,327	2,721
Investment securities	30,048	41,916
Cash for trading margins, security deposits and eDividend distributions	1,087,526	717,133
Cash and bank balances of Clearing Funds	125,568	126,261
Cash and bank balances of the Group	271,126	214,367
	<b>1,589,311</b>	<b>1,161,099</b>
<b>Total assets</b>	<b>2,086,455</b>	<b>1,656,483</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	2015 RM'000	2014 RM'000
<b>Equity and liabilities</b>		
<b>Equity</b>		
Share capital	267,307	266,760
Share premium	107,443	100,064
Other reserves	109,875	76,658
Retained earnings	318,825	305,218
<b>Equity attributable to owners of the Company</b>	<b>803,450</b>	<b>748,700</b>
<b>Non-controlling interest</b>	<b>16,018</b>	<b>14,001</b>
<b>Total equity</b>	<b>819,468</b>	<b>762,701</b>
<b>Non-current liabilities</b>		
Retirement benefit obligations	26,112	26,605
Deferred grants	4,087	5,193
Deferred tax liabilities	3,333	8,149
	<b>33,532</b>	<b>39,947</b>
<b>Current liabilities</b>		
Trade payables	1,083,886	715,815
Participants' contribution to Clearing Funds	35,568	36,261
Other payables	107,297	93,532
Tax payable	6,704	8,227
	<b>1,233,455</b>	<b>853,835</b>
<b>Total liabilities</b>	<b>1,266,987</b>	<b>893,782</b>
<b>Total equity and liabilities</b>	<b>2,086,455</b>	<b>1,656,483</b>

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Remarks: Kindly click on "Acrobat Reader" icon to download the installer for PDF viewing.



**Minimum System Requirements**

Windows

- Core 2 Duo or higher
- Windows XP or later
- 512MB RAM or more
- Sound card and speakers
- High Colour (16-bit)
- Adobe Acrobat Reader 6

Macintosh

- Power Macintosh
- Mac OS 10.1 or higher
- 256MB RAM or higher
- Minimum 24-bit colour display
- 1024 x 768 screen resolution
- 32x speed CD-ROM drive or higher
- Acrobat Reader 6 and above



**FEEDBACK**

We welcome your feedback to make sure we are addressing what matters to you. Go to [www.bursamalaysia.com](http://www.bursamalaysia.com) or email [ir@bursamalaysia.com](mailto:ir@bursamalaysia.com) for the feedback form, or scan the QR Code with your smartphone.

**Scan the QR Code by following these simple steps**



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**Run it**

Run the QR Code Reader app and point your camera at the QR Code



**Access it**

Get access to the feedback form



**[www.bursamalaysia.com](http://www.bursamalaysia.com)**

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