

Bursa Malaysia  
Annual Report 2008

**Advantage**Bursa Malaysia





# 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.

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# BURSA MALAYSIA AT A GLANCE

## Our Business

Bursa Malaysia is an exchange holding company approved under Section 15 of the Capital Markets and Services Act 2007 (CMSA). We operate a fully-integrated exchange, offering a comprehensive range of exchange-related services including trading, clearing, settlement and depository services.

## Our Commitment

- We will deliver on our commitments to all our stakeholders.
- We will create long-term shareholder value.
- We will improve liquidity and sustainability of our market.
- We will offer an easily accessible market place which is reliable and convenient.
- We will offer diverse and innovative products and services.
- We will maintain appropriate regulatory standards to ensure a fair and orderly market.
- We will attract, develop and retain the best talent.
- We will support measures to conserve resources and protect the environment.
- We will establish and adopt environmentally-sustainable policies.

## Our Diversified Offerings

### Products

#### SECURITIES

Ordinary Shares  
Preference Shares  
Loan Stocks  
Exchange Traded Funds (ETFs)/Islamic-ETFs  
Warrants/Transferable Subscription Rights (TSRs)  
Call Warrants/Structured Warrants  
Real Estate Investment Trusts (REITs)/Islamic-REITs  
Closed-end Funds  
Shariah-Compliant Securities

#### LABUAN INTERNATIONAL FINANCIAL EXCHANGE

Investment Funds (Open and Closed-end)  
Bonds and Sukuk

#### DERIVATIVES

KLCI Futures (FKLI)  
KLCI Options (OKLI)  
3-Month KLIBOR Futures (FKB3)  
Crude Palm Oil Futures (FCPO)  
3-Year Malaysian Government Securities Futures (FMG3)  
5-Year Malaysian Government Securities Futures (FMG5)  
10-Year Malaysian Government Securities Futures (FMGA)  
Crude Palm Kernel Oil Futures (FPKO)  
Single Stock Futures (SSFs)  
USD Crude Palm Oil Futures (FUPO)

### Others

#### INFORMATION SERVICES

Realtime Market Information  
Investor Information Packages  
Historical Data Packages  
Web-based Data on all PLCs  
FTSE Bursa Malaysia Index Series\*  
Bursa Station\*  
CMDf-Bursa Malaysia Research Scheme (CBRS)  
Publications

\* In collaboration with our partners

A low-angle, upward-looking photograph of a man in a dark suit, white shirt, and red patterned tie. He is looking out of a window with a grid pattern, with his hand near his face. The background shows a bright sky and the architectural lines of the window frame. The image is split vertically: the left side is a dark red gradient, and the right side is the original photograph.

# Advantage Responsible

The forerunner  
in Islamic  
Capital Markets



# Highlights

	31 DEC 2004	31 DEC 2005 <sup>3</sup> (RESTATED)	31 DEC 2006	31 DEC 2007	31 DEC 2008
<b>KEY RESULTS (RM MILLION)</b>					
Operating Revenue	218.3	192.3	262.1	443.4	290.3
Operating Expenses	222.9	144.1	148.4	172.3	185.4
Operating EBITDA	14.5	61.5	129.7	285.1	125.4
Profit Before Tax	63.5	113.2	152.9	319.0	145.6
Profit For The Year	38.3	80.9	108.9	240.6	104.4
Profit Attributable to Equity Holders of the Company	35.1	77.0	108.1	240.6	104.4
<b>BALANCE SHEET AND OTHER KEY DATA (RM MILLION)</b>					
Total Assets	1,765.1	1,197.4	1,407.4	1,447.0	1,729.9
Capital Expenditure	67.6	24.6	10.5	39.9	34.0
Total Liabilities	287.0	293.0	598.0	666.8	997.6
Shareholders' Equity	1,460.3	883.1	809.4	780.2	732.3
Cash from Operating Activities	(17.8) <sup>2</sup>	63.0	417.1	323.0	420.5
<b>FINANCIAL RATIOS (%)</b>					
Operating Revenue Growth	8.3	(11.9)	36.3	69.1	(34.5)
Stable and Derivatives Revenue to Operating Expenses	41.1	67.1	73.3	80.4	79.2
Operating EBITDA Margin	6.6 <sup>1</sup>	32.0	49.5	64.3	43.2
Net Profit Margin	13.4 <sup>1</sup>	31.4	35.8	48.9	31.5
Return on Equity (ROE)	2.4	6.6	12.8	30.3	13.8
<b>SHARE INFORMATION</b>					
Basic Earnings Per Share (sen)	7.0	15.9	20.9	46.1	19.9
Gross Dividends Per Share (sen)	n/a	20.0	54.5	85.0	24.3
Net Assets Per Share (RM)	2.92	1.72	1.56	1.49	1.39
Share Price - High (RM)	n/a	4.90	8.35	16.60	15.80
Share Price - Low (RM)	n/a	3.40	3.66	8.30	4.80
Share Price - As at 31 December (RM)	n/a	3.66	8.05	14.30	5.15
Price-Earnings Ratio	n/a	23	39	31	26
Company Market Capitalisation (RM billion)	n/a	1.9	4.2	7.5	2.7
<b>KEY OPERATING DRIVERS</b>					
Daily Average Trading Value - OMT & DBT (RM billion)	1.0	0.8	1.1	2.3	1.3
Daily Average Trading Value - OMT (RM billion)	0.9	0.7	1.0	2.2	1.2
Daily Average No. of Derivatives Contracts Traded	10,617	9,958	16,915	25,010	24,878
Total No. of Companies Listed	963	1,021	1,027	987	977

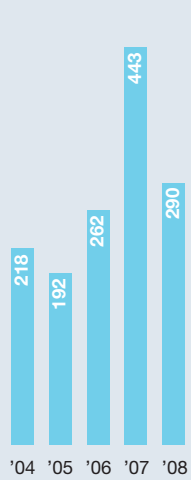
1 The ratios for 2004 which excludes the one-off Voluntary Separation Scheme (VSS) costs are as follows:

- (i) Operating EBITDA margin: 23.7%
- (ii) Net profit margin: 26.4%

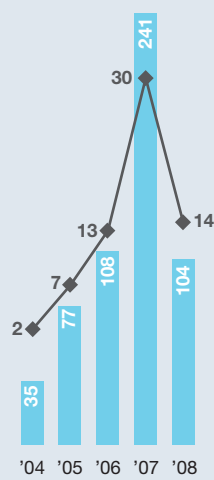
2 Cash from operating activities, excluding VSS payment, was RM19.5 million in 2004.

3 Comparative figures and ratios for 2005 have been reclassified for better presentation and restated to take into account the effects of FRS 2 in respect of share options following the adoption of FRS2 on 1 January 2006.



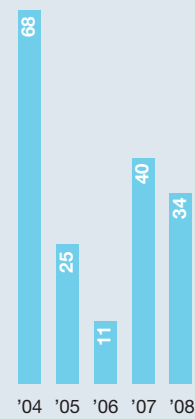


Operating Revenue (RM million)



Profit Attributable to Equity Holders of the Company & Return on Equity (ROE)

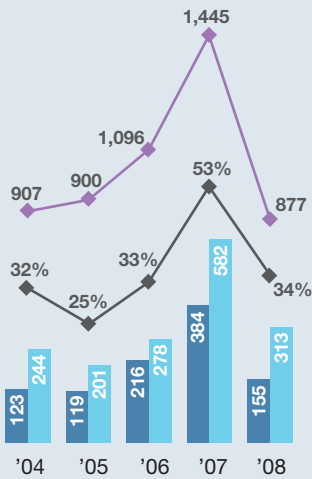
■ Profit Attributable to Equity Holders of the Company (RM million)  
 ◆ ROE (%)



Capital Expenditure (RM million)

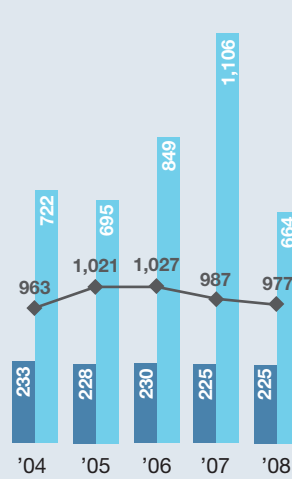
# Market Highlights

## SECURITIES MARKET



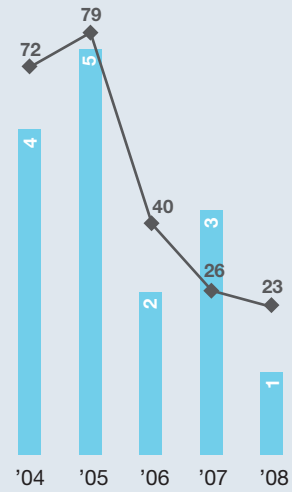
Securities Trade – Volume, Value, KLCI, Velocity

■ Total Volume (billion)  
■ Total Value (RM billion)  
◆ KLCI  
◆ Velocity (%)



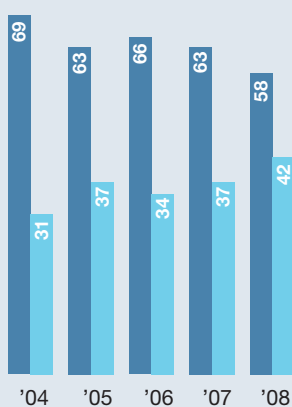
Market Capitalisation and Nominal Value of Shares

■ Total Nominal Value of Shares (RM billion)  
■ Total Market Capitalisation (RM billion)  
◆ Number of Listed Companies



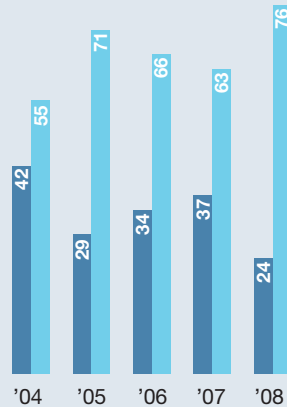
Number of IPOs and Funds Raised from IPOs

■ Total Funds Raised from IPOs, including REITs (RM billion)  
◆ Total No. of IPOs (including REITs)



Percentage of Local and Foreign Trading Activities

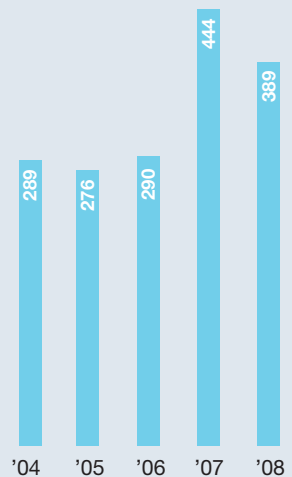
■ Local Investors (%)  
■ Foreign Investors (%)



Percentage of Retail and Institutional Participation

■ Retail (%)  
■ Institutional (%)

Note:  
Percentage for "Others" is not shown in the graph above as the amount is nominal



Number of Institutional Settlement Service (ISS) Instructions Cleared and Settled

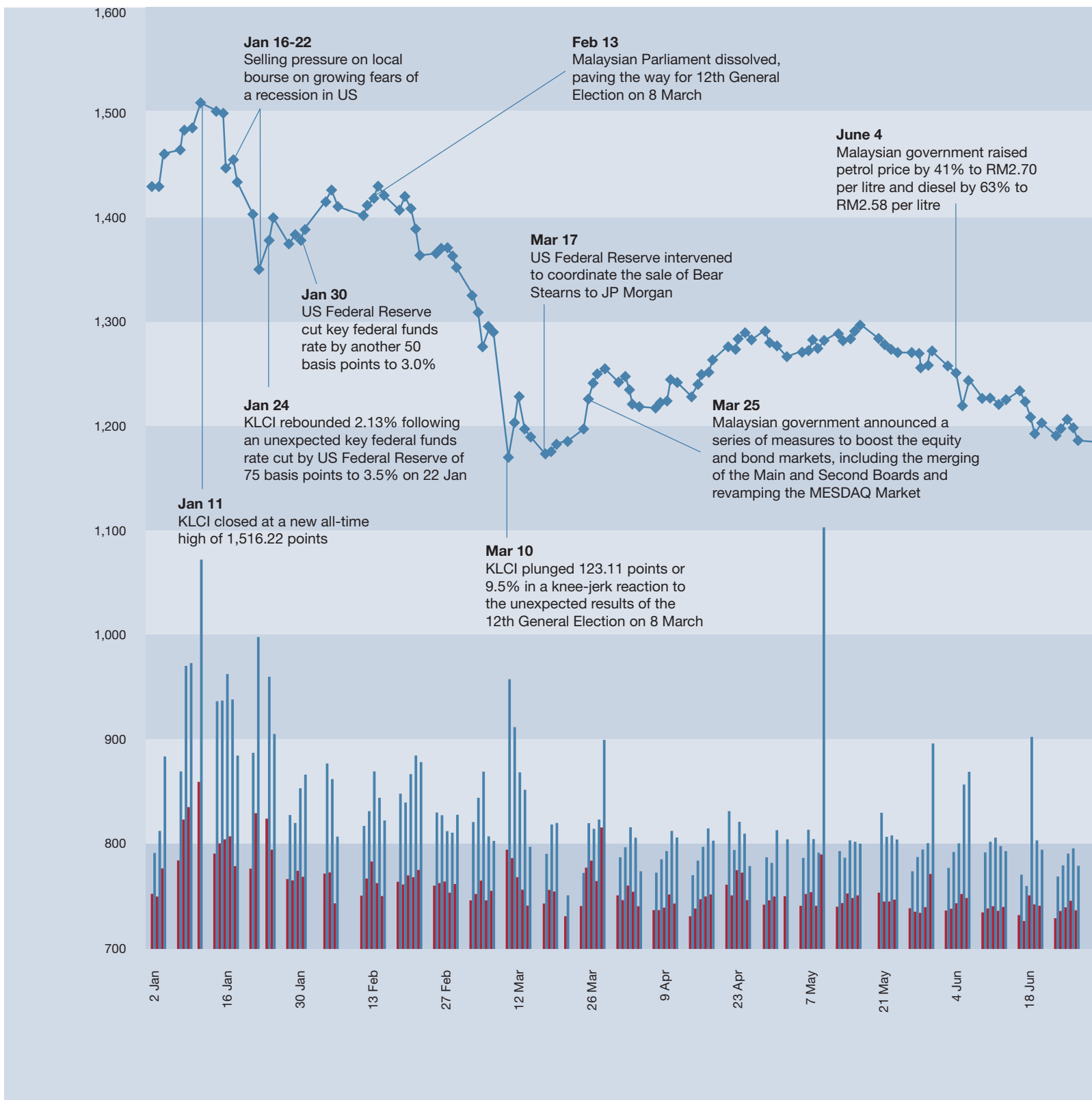
■ Total No of ISS Instructions ('000)

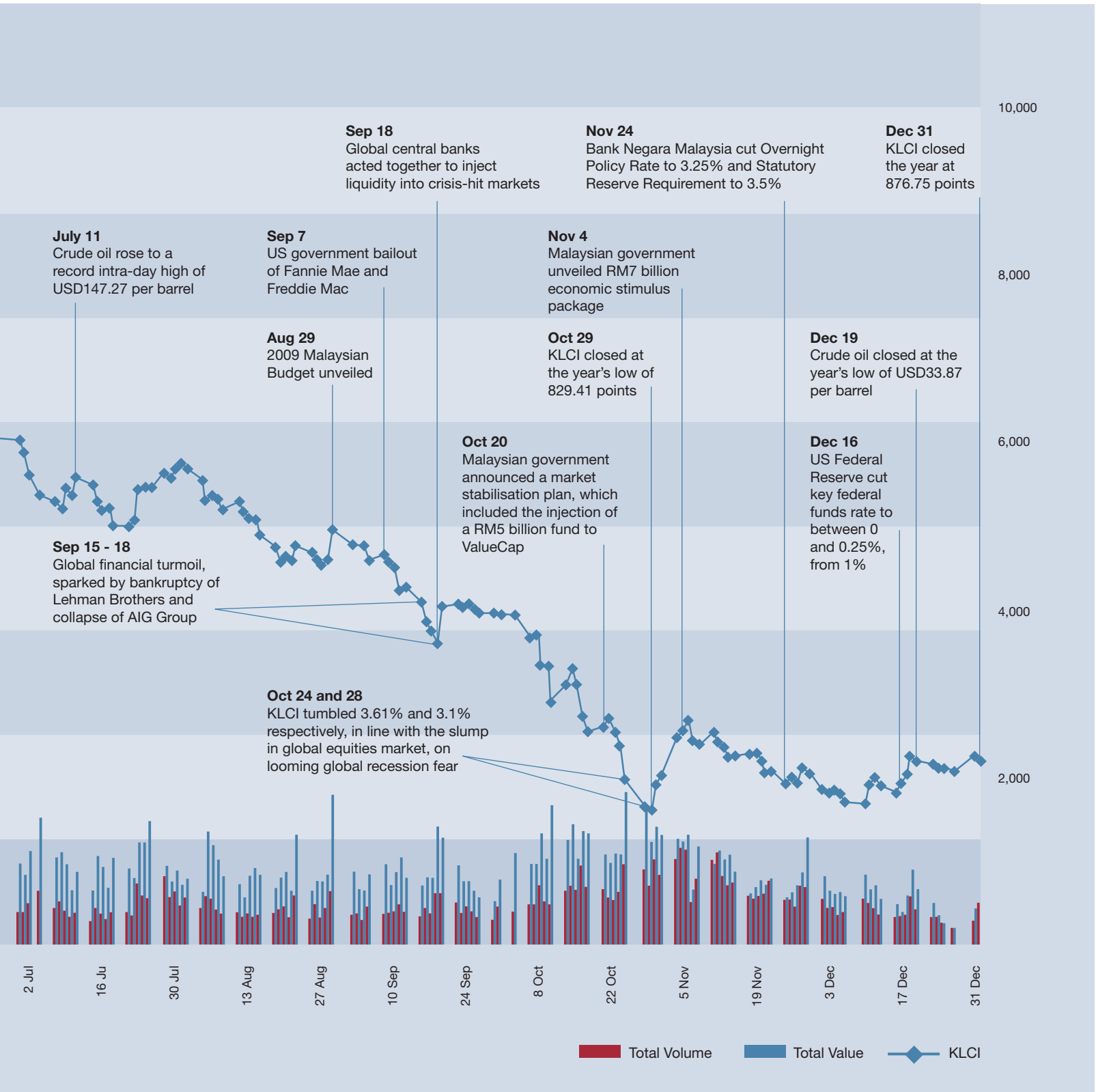
Year	31 DEC 2004	31 DEC 2005	31 DEC 2006	31 DEC 2007	31 DEC 2008
<b>SECURITIES MARKET</b>					
KLCI	907.43	899.79	1,096.24	1,445.03	876.75
Market Capitalisation (RM billion)	722	695	849	1,106	664
Velocity (%)	32	25	33	53	34
Daily Average Trading Volume – OMT & DBT (million shares)	495	481	876	1,548	631
Daily Average Trading Volume – OMT (million shares)	436	414	803	1,457	576
Daily Average Trading Value – OMT & DBT (RM million)	983	814	1,129	2,346	1,278
Daily Average Trading Value – OMT (RM million)	874	718	1,019	2,179	1,181
No. of PLCs	963	1,021	1,027	987	977
No. of Listed REITs	3	6	10	13	13
No. of Listed Call Warrants	10	12	33	120	48
No. of New Listed Call Warrants	-	2	21	154	81
No. of IPOs (including REITs)	72	79	40	26	23
Total Funds Raised (RM billion)	7.4	8.9	4.6	10.6	6.1
<b>DEPOSITORY SERVICES</b>					
No. of Central Depository System (CDS) Accounts (million)	3.4	3.5	3.6	3.8	3.9
No. of Securities Immobilised in CDS (billion shares)	303.6	343.9	356.4	397.6	414.7
No. of Companies in CDS*	1,007	1,079	1,117	1,147	1,165
No. of Corporate Exercises (Rights & Bonus Issues) (Yearly)	158	150	70	137	132
No. of ROD Produced (Yearly)	18,284	21,545	21,143	22,618	20,008
No. of New CDS Accounts Opened	255,136	144,026	133,833	190,864	157,687
<b>DERIVATIVES MARKET</b>					
Open Positions ('000)	66	85	159	125	156
No. of Contracts Traded:					
▪ Crude Palm Oil Futures (million)	1.4	1.2	2.2	2.8	3.0
▪ KLCI Futures (million)	1.1	1.1	1.6	3.2	2.9
▪ 3-Month KLIBOR Futures	141,969	162,592	272,502	239,314	195,193
Daily Average No. of Contracts Traded	10,617	9,958	16,915	25,010	24,878
Total Contracts Traded (million)	2.6	2.5	4.2	6.2	6.1
<b>MARKET PARTICIPANTS</b>					
No. of Trading Participants of Bursa Malaysia Derivatives	15	15	15	17	20
No. of Participating Organisations of Bursa Malaysia Securities	34	37	34	34	34
No. of ADAs (including branches)	149	170	160	162	164
No. of ADMs (including branches)	28	28	28	26	26

\* The number of companies in CDS comprises both listed and delisted companies whose shares are being maintained in the CDS.

# Market Performance

Index (points)









# Advantage Innovative

World's most  
successful  
crude palm oil  
futures contract



# Chairman's Message

Dear Shareholders,

This has been a year when Bursa Malaysia has had to rise to great challenges. We are weathering a storm in financial markets, the like of which has not been experienced in several decades. For most of 2008, the global economy seemed to occupy centre stage, rather than either domestic or world events. Fuelled by poor risk management practices, low quality assets and a liquidity crunch, we saw several prominent investment banks collapse, while other banks required significant government-backed rescue packages to stay afloat. Not long after this news, economic data showed that recession had taken hold in much of the developed world.





# Chairman's Message

The Malaysian domestic economy has suffered some bruises, but I believe we are well placed to face the challenges of the coming months. However, like its global brethren, our stock market has reeled under the pressure. Weak sentiment and trading volume were reflected in the benchmark Kuala Lumpur Composite Index (KLCI), which retreated some 39% during the course of the year. Against this background, ambitious Key Performance Indicators (KPIs) for the year proved to be unattainable:

**Equities market velocity:** 2008 target: 56%; Actual: 34%

**Growth of derivatives contracts:** 2008 target: 50%; Actual: (1%)

Our financial results reflected market performance. Both revenue and profit declined significantly. Despite such adverse conditions, we held fast to our commitment to our shareholders and distributed dividend payout of 91% of our net profit. Overall, earnings per share for the year were 19.9 sen.

Looking after the long term interests of shareholders is, of course, our primary concern. This has translated into a decision by the Board to take a proactive, forward looking approach to our strategies. After an intense reassessment, we focused on initiatives that would increase our relevance in order to stay competitive to the fast evolving capital market landscape.

First, we must keep pace with our peers and increase Bursa Malaysia's overall competitiveness. This means adapting to the requirements of our customers by easing the process of transacting on our markets. A robust and resilient Bursa Malaysia will have a greater, more diverse product range and a broader issuer base. Stronger institutional and retail investor participation will be underpinned by effective, even-handed supervision and regulation. We will build strategic alliances and partnerships which enable Bursa Malaysia to follow a path to growth.

We will also differentiate Bursa Malaysia from its peers by creating a unique value proposition based on two key niches which we have identified. We believe we can build on our track record of innovation and grow Bursa Malaysia into a recognised Islamic financial and investment hub. The second string to this bow is our strength in derivatives and commodities, especially palm oil, on which we can leverage to firmly establish Bursa Malaysia as a centre for commodities trading.

By setting Bursa Malaysia apart from its peers, we aim to raise international participation in our market. We intend to open the way for foreign intermediaries to be active, which will induce greater foreign investor presence. Ultimately, the aim is to position Bursa Malaysia as a preferred destination to raise capital and invest.

To achieve these goals, we must continue to upgrade two key skill sets. Building supporting soft skills means additional investment in the development of our human capital and our capabilities to address and manage the changes which will accompany our development. Our hard skill set will consist of improved infrastructure. We must enhance our Information Technology (IT) capabilities and continue to upgrade technology, so as to stay at the leading edge when it comes to market efficiency. An important first step in this direction was the launch of our new trading platform, Bursa Trade Securities (BTS), on 1 December 2008. Speed, access, and greater functionality are key features of the system, which enhances our processing and execution capability and keeps us in line with leading global markets.

In addition, there are risks attached to this bold strategy, and I am sure we will be tested at times. However, financial markets will all be considering how best to make themselves attractive so that they can take full advantage when investor confidence begins to re-emerge. To be defensive now would leave us lagging behind at that crucial moment. Playing "catch-up" and rebuilding relevance is seldom an easy task. It would translate, at best, into delayed recovery in our overall performance.

We have a first rate management team in place at Bursa Malaysia, one which is working tirelessly to build products, key relationships, infrastructure and support systems needed for success. They are tackling the current challenges with tremendous commitment, and enjoy the Board's unwavering support.

We have attempted to set standards for corporate governance (CG) as a model Public Listed Company (PLC) and, this year, our efforts were rewarded. In April, Bursa Malaysia was recognised as one of the five best companies in Asia/Pacific and Africa in the area of CG practices by the Investor Relations Global Rankings (IRGR) 2008. In November 2008, for the third consecutive year since 2006, we took second position in the Overall Excellence for CG category awarded by the Minority Shareholder Watchdog Group (MSWG).

We have also built a good record of performance in terms of improved market depth, creativity in product development and better market efficiencies. We have also worked together with policy makers and regulators in support of the national agenda.

The resolve of the Board and Management which carried us this far is unabated and allows me to face with confidence whatever trials the future may bring. It has been the root of our intention to deliver commendable returns to you, our shareholders, and we remain tightly focused on that as an overriding objective.



**TUN MOHAMED DZAIDDIN BIN HAJI ABDULLAH**

Chairman

# Board of Directors' Profile



- 1 Tun Mohamed Dzaiddin bin Haji Abdullah   2 Dato' Abdul Latif bin Abdullah  
 3 Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego   4 Dato' Tajuddin bin Atan  
 5 Dato' Saiful Bahri bin Zainuddin   6 Dato' Dr. Thillainathan a/l Ramasamy   7 Dato' Sri Abdul Wahid bin Omar  
 8 Izham bin Yusoff   9 Datin Paduka Siti Sa'diah binti Sheikh Bakir   10 Cheah Tek Kuang  
 11 Dato' Yusli bin Mohamed Yusoff   12 Dato' Wong Puan Wah @ Wong Sulong   13 Ong Leong Huat @ Wong Joo Hwa



# Board of Directors' Profile

## **TUN MOHAMED DZAIDDIN BIN HAJI ABDULLAH**

Chairman, Non-Executive Director and Public Interest Director, appointed by the Minister of Finance pursuant to Section 10 of the Capital Markets and Services Act 2007 (CMSA)  
Date of Appointment: 1 March 2004

Tun Mohamed Dzaiddin bin Haji Abdullah, aged 71, a Malaysian, is a former Chief Justice of Malaysia. He is a Barrister of the Middle Temple, England, an advocate and solicitor of the High Court of Malaya and Fellow of the Singapore Institute of Arbitrators. He is a former Vice President of the Malaysian Bar and President of ASEAN Law Association. Tun Mohamed Dzaiddin had a distinguished career in the Malaysian Judiciary, as a High Court Judge from 1982 to 1992, Supreme Court Judge from 1992 to 1993 and Federal Court Judge in 1993 until his elevation in 2000 as the 9th Chief Justice of Malaysia. He retired in March 2003. He is a former Chairman of the Royal Commission to Enhance the Operation and Management of the Royal Malaysia Police.

Currently, he is a legal consultant at Skrine, a panel member of the Singapore International Arbitration Centre, Chairman of Deutsche Bank (Malaysia) Berhad and Chairman of the Tun Mohamed Suffian Foundation.

## **DATO' ABDUL LATIF BIN ABDULLAH**

Non-Executive Director and Public Interest Director, appointed by the Minister of Finance pursuant to Section 10 of the CMSA  
Date of Appointment: 1 April 2004

Dato' Abdul Latif bin Abdullah, aged 58, a Malaysian, graduated with a Bachelor of Arts (Hons) in International Relations from the University of Malaya in 1975, a Master of Science (Marine Law & Policy) from the University of Wales, Institute of Science & Technology, UK in 1981. He attended the Senior Management Development Programme of Harvard Business School in 1992. He is also a Member of the Chartered Institute of Logistics & Transport (UK).

Dato' Abdul Latif started his career in 1975 with the Ministry of Foreign Affairs as Attachment Officer of West Asian Desk. He then joined Malaysian International Shipping Corporation Berhad (MISC) as a Management Trainee and subsequently promoted to Assistant Manager, Liner Division. From 1982 to 1992, he was with Perbadanan Nasional Shipping Line Berhad (PNSL) and was instrumental in the formation and heading a number of subsidiaries and joint venture companies within the PNSL Group. He was the General Manager, Business and Corporate Division before opting to join Mitsui OSK Lines (M) Sdn Bhd in 1990 as a founder Director and remains as the Chairman after his retirement in 2005. He was the Chairman of International Shipowners' Association of Malaysia from 1998 to 2008 and former Vice-Chairman of Malaysian Shipowners' Association.

Presently, he is the Executive Chairman of Realmild (M) Sdn Bhd, Chairman of Labuan Shipyard & Engineering Sdn Bhd, Chairman of Radicare (M) Sdn Bhd, Chairman of Penang Port Sdn Bhd since January 2004, as well as Chairman of Amanah Raya Asian Finance Islamic Marine Fund, a joint venture between Amanah Raya Investment Bank and Asia Finance Bank since October 2007. He is also currently the Chairman of Efficient E-Solutions Berhad, Chairman of Tamco Corporate Holdings Berhad, and Deputy Chairman of Ekowood International Berhad. He also sits on board of several other private limited companies in Malaysia.

**DATUK HAJI FAISYAL BIN  
DATUK YUSOF HAMDAIN DIEGO**

Non-Executive Director and Public Interest Director, appointed by the Minister of Finance pursuant to Section 10 of the CMSA  
Date of Appointment: 9 June 2004

Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego, aged 46, a Malaysian, graduated with a Bachelor of Economics from York University, Toronto in 1987.

Datuk Haji Faisyal was formerly the Treasurer of the Dewan Perniagaan Melayu Malaysia (Sabah) from July 1997 to March 2007. He is currently the Deputy Chairman of KUB Malaysia Berhad, the Executive Chairman of Arus Sutera Sdn Bhd and Director of Perkasa Trading Sdn Bhd.

**DATO' TAJUDDIN BIN ATAN**

Non-Executive Director and Public Interest Director, appointed by the Minister of Finance pursuant to Section 10 of the CMSA  
Date of Appointment: 14 July 2008

Dato' Tajuddin bin Atan, aged 49, a Malaysian, graduated with a Bachelor of Science (Agribusiness) from Universiti Putra Malaysia in 1983 and a Master of Business Administration from the University of Ohio in 1998.

Dato' Tajuddin is currently the President/ Group Managing Director of Bank Pembangunan Malaysia Berhad since December 2007. He was the CEO of Bank Simpanan Nasional from October 2004 to November 2007 and prior to that was the Managing Director of Chase Perdana Berhad from July 2001 to September 2004. For over 16 years since 1983, he was working with the then Bumiputra Commerce Bank Berhad (BCBB) where he last held the position of Senior Vice President. During his tenure in BCBB, he also served in various committees representing the industry and acted as liaison party between industry players and Bank Negara Malaysia (BNM) as well as other regulatory bodies.

Dato' Tajuddin currently sits on the Board of Directors of Bank Pembangunan Malaysia Berhad, Global Maritime Ventures Berhad, Global Carriers Berhad and Malaysian Bulk Carriers Berhad. He is also a member of the Board of Trustees of Amanah Ikhtiar Malaysia and is an independent director of the Small and Medium Industries Development Corporation (SMIDEC).

**DATIN PADUKA SITI SA'DIAH BINTI  
SHEIKH BAKIR**

Independent Non-Executive Director  
Date of Appointment: 10 April 2004

Datin Paduka Siti Sa'diah binti Sheikh Bakir, aged 56, a Malaysian, graduated with a Bachelor of Economics from the University of Malaya in 1974 and a Master of Business Administration from Henley Management College of London in 2007.

Datin Paduka Siti Sa'diah began her career with Johor Corporation (JCorp) in 1974 and is directly involved with JCorp's Healthcare Division since 1978. She held the post of Chief Executive of KPJ Sdn Bhd, the holding company of KPJ, from 1989 until the listing of KPJ Healthcare Berhad. She has been the Managing Director of KPJ Healthcare Berhad since March 1993. She currently sits as the Chairman of various hospitals in KPJ Healthcare Berhad group. She also sits as Chairman of Willis (Malaysia) Sdn Bhd, a Director of Kulim (Malaysia) Berhad, Puteri Hotels Sdn Bhd and Damansara REIT Managers Sdn Bhd, all of which are companies within the JCorp group. She is also a Director of Kumpulan Waqaf An-Nur Berhad, a non-governmental organisation dedicated to the provision of healthcare services to the less fortunate.

Datin Paduka Siti Sa'diah is the President of the Malaysian Society of Quality in Health, elected since its inception in 1997 until today. She has been a Board member of Malaysia External Trade Development Corporation (MATRADE) since 1999, a member of the Malaysia Productivity Corporation Consultative Panel on Healthcare since 2001 and a member of the National Patient Safety Council, Ministry of Health since 2003.

# Board of Directors' Profile

## **DATO' DR. THILLAINATHAN A/L RAMASAMY**

Independent Non-Executive Director  
Date of Appointment: 10 April 2004

Dato' Dr. Thillainathan a/l Ramasamy, aged 64, a Malaysian, graduated with a Bachelor of Arts in Economics from the University of Malaya in 1968 and obtained a Master and Doctorate of Economics from the London School of Economics in 1970 and 1976 respectively.

Dato' Dr. Thillainathan was an Associate Professor of University Malaya from 1977 to 1979 and subsequently worked in the banking industry for 10 years. He served on the National Economic Panel from 1982 to 1987, the Anti-Recession Task Force from 1986 to 1987, the Task Force on Capital Market Development from 1988 to 1991, the Investment Panel of Employees Provident Fund (EPF) from 1988 to 2001, the National Economic Consultative Council in 1990 and Majlis Perundingan Ekonomi Negara Kedua from 1999 to 2000. Dato' Dr. Thillainathan was also the President of the Malaysian Economic Association from 1996 to 2002. He was the COO of Genting Berhad from November 2002 to September 2006 and its Executive Director from January 2003 to July 2007. He is currently a member of the Tax Review Panel of the Ministry of Finance as well as a member of the government-appointed Economic Council and its Working Group. He also currently holds directorship in Petronas Dagangan Berhad and Genting Berhad.

## **DATO' SRI ABDUL WAHID BIN OMAR**

Independent Non-Executive Director  
Date of Appointment: 10 April 2004

Dato' Sri Abdul Wahid bin Omar, aged 45, a Malaysian, is a Fellow of the ACCA (UK) and a member of the MIA. He was the recipient of the Malaysia's CEO of the Year Award 2006 from Business Times and Maybank/American Express.

Dato' Sri Abdul Wahid is the President and CEO of Malayan Banking Berhad (Maybank), Malaysia's largest banking group, since May 2008. Prior to joining Maybank, he was the Group CEO of Telekom Malaysia Berhad from July 2004. He was formerly the Managing Director/CEO of UEM Group Berhad and UEM World Berhad as well as Executive Vice Chairman of PLUS Expressways Berhad. He had also served in Telekom Malaysia Berhad as CFO in 2001.

His strong track record in corporate and financial management began with the banking sector in 1988 when he joined Bumiputra Merchant Bankers Berhad in the Corporate Banking Department. He later took on senior management positions as Director of Group Corporate Services and Divisional Director, Capital Market & Securities of Amanah Capital Partners Berhad, overseeing the overall direction and performance of the division which included discount houses and money broking firms. He was also the Chairman of Amanah Short Deposits Berhad, a former Chairman of Association of Discount Houses in Malaysia and a Director of Amanah Merchant Bank Berhad.

He currently holds directorship in Cagamas Holdings Berhad, Malaysian Electronic Payment System (1997) Sdn Bhd (MEPS), Perbadanan Usahawan Nasional Berhad, Mastercard Asia/Pacific Regional Advisory Board and Asian Pacific Bankers Club as well as directorship in a number of Maybank group of companies including Mayban Fortis Holdings Berhad and Maybank Investment Bank (formerly known as Aseambankers Malaysia Berhad). He is also a member of the Financial Reporting Foundation of Malaysia, the Investment Panels of the EPF, Kumpulan Wang Persaraan (Diperbadankan) and Lembaga Tabung Haji.



**IZHAM BIN YUSOFF**

Independent Non-Executive Director

Date of Appointment: 10 April 2004

Izham bin Yusoff, aged 41, a Malaysian, graduated with a Bachelor of Accounting in 1990 and a Master of Business Administration (Accounting & International Business) in 1991, both from the University of Miami, US.

Izham began his career with Citibank NA in Miami as Assistant Business Planning & Analysis Manager from January 1992 to June 1992 before joining Procter & Gamble in Singapore as Financial Analysis Manager, Corporate from July 1992 to September 1995. He then joined Citibank Berhad in Malaysia as Financial Controller from October 1995 to November 1996. He was the Corporate Strategy Manager with Maxis Berhad from December 1996 to December 1997, Special Assistant to the Managing Director of EON Berhad from January 1998 to July 2002 and Managing Director of Amanah Raya Berhad from August 2002 to June 2004. He was the CEO of KUB Malaysia Berhad from July 2004 to March 2007. He is currently the COO and Executive Director of Ninebio Sdn Bhd, and Independent Non-Executive Director of Satang Holdings Berhad and Axis Incorporation Berhad.

**DATO' WONG PUAN WAH @ WONG SULONG**

Independent Non-Executive Director

Date of Appointment: 1 December 2006

Dato' Wong Puan Wah @ Wong Sulong, aged 61, a Malaysian, graduated with a Bachelor of Science (Hons) in Economics from the University of London in 1972.

Dato' Wong is a veteran journalist of 40 years, having served in the New Straits Times, the Australian Broadcasting Corporation, the Financial Times of London and The Star. Apart from Malaysia, he worked in Hong Kong and Sydney, Australia. He retired from The Star in December 2006, having served as its Group Chief Editor for three years. Before that, he was The Star's Deputy Group Chief Editor cum Business Editor. He was largely instrumental in the launch of BizWeek, Star Motoring and Star Golf magazines. He is currently a director in Multi-Purpose Holdings Berhad and Assunta Hospital.

**CHEAH TEK KUANG**

Independent Non-Executive Director

Date of Appointment: 10 April 2004

Cheah Tek Kuang, aged 61, a Malaysian, graduated with a Bachelor of Economics from the University of Malaya in 1970. He is a Fellow of the Institute of Bankers Malaysia.

Cheah began his career with the Malaysian Industrial Development Authority from October 1970 to October 1978 and has more than 25 years of experience in the securities and derivatives markets. He has been with AmMerchant Bank Berhad (AMMB) since 1978 and was appointed its CEO and Managing Director in 1994, before becoming its Group Managing Director in 2002. He has been the Group Managing Director of AMMB Holdings Berhad since January 2005. He currently sits on the Boards of Directors of AMMB Holdings Berhad and its group of companies as well as Cagamas Berhad. He is also the Alternate Chairman of Malaysian Investment Banking Association and a Council Member of the Association of Banks in Malaysia.

# Board of Directors' Profile

## **DATO' SAIFUL BAHRI BIN ZAINUDDIN**

Independent Non-Executive Director  
Date of Appointment: 27 June 2008

Dato' Saiful Bahri bin Zainuddin, aged 47, a Malaysian, graduated with a Bachelor of Science in Economics & Finance from Western Michigan University, US in 1985. He attended the Global Leadership Development Programme organised by the International Centre for Leadership in Finance (ICLIF) which was set up as a non-profit organisation by BNM in 2005 at Stanford University.

Dato' Saiful Bahri is currently the Managing Director, Stockbroking Division of Affin Investment Bank Berhad and the Executive Director of Affin Holdings Berhad. He is a member of the SC's Securities Law Consultative Committee, the present Chairman of the ASCM, the Financial Adviser to the State Government of Negeri Sembilan and Member of Negeri Sembilan State Government Think Tank chaired by the Menteri Besar.

Dato' Saiful Bahri was previously the Executive Director and Executive Director Dealing of Rashid Hussain Securities, CEO/Executive Director Dealing of Fima Securities Sdn Bhd, and attached at Corporate Planning Division, Heavy Industries Corp. of Malaysia (HICOM). He was also a member of Bursa Malaysia's Securities Market Consultative Panel.

## **ONG LEONG HUAT @ WONG JOO HWA**

Independent Non-Executive Director  
Date of Appointment: 27 June 2008

Ong Leong Huat @ Wong Joo Hwa, aged 64, a Malaysian, holds a Capital Markets Services Representative's Licence.

Ong was a Director of MESDAQ from July 1999 to March 2002 and a member of the Capital Market Advisory Council appointed by the SC in 2004 to advise on issues relating to the implementation of the Capital Market Master Plan. He was also a member of the Securities Market Consultative Panel of Bursa Malaysia. For over 17 years since 1969, he was attached to a leading financial institution where he last held the position of a Senior General Manager. He was the Managing Director/CEO of OSK Investment Bank Berhad from July 1985 to January 2007 and is currently the Group Managing Director/CEO since January 2007. He currently sits on the Board of Directors of OSK Investment Bank Berhad, OSK Holdings Berhad, OSK Ventures International Berhad and OSK Asia Holdings Limited.

## **DATO' YUSLI BIN MOHAMED YUSOFF**

Non-Independent Executive Director  
Date of Appointment: 10 April 2004

Dato' Yusli bin Mohamed Yusoff, aged 50, a Malaysian, graduated with a Bachelor of Economics from the University of Essex in 1981, and is a member of the Institute of Chartered Accountants, England & Wales, the MIA, the Malaysian Institute of Certified Public Accountants as well as an Honorary Member of the Institute of Internal Auditors Malaysia.

Dato' Yusli began his career in London with Peat Marwick Mitchell & Co and had since held various key positions in a number of public listed and private companies in Malaysia, whose activities spanned over property and infrastructure development, telecommunications, engineering and merchant banking. His career in the stockbroking industry began when he was appointed the CEO of CIMB Securities Sdn Bhd in January 2000. He also served as the Chairman of the ASCM from 2003 to 2004.

Presently, Dato' Yusli is the CEO and Executive Director of Bursa Malaysia and a Director of its group of companies. He also sits on the Capital Market Development Fund (CMDf) Board and is an executive committee member of the Financial Reporting Foundation of Malaysia and Malaysian Accounting Standards Board.

Note:

Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of Bursa Malaysia, have no conflict of interest with Bursa Malaysia and have not been convicted for any offence within the past 10 years.

# Management's Profile



## **DATO' YUSLI BIN MOHAMED YUSOFF**

Chief Executive Officer

A full profile appears on page 24 of the Annual Report.

## **OMAR BIN MALEK ALI MERICAN**

Chief Operating Officer

Omar Merican, aged 49, a Malaysian, graduated with an Economics degree from the University of Birmingham and a Masters in Science from the Massachusetts Institute of Technology (MIT) Sloan School of Management. Omar was founder and CEO of Merican and Partners Asset Management Sdn Bhd, a fund management company, from 1997 to 2004. Prior to running his own business, Omar worked in financial services institutions including Solomon Brothers, James Capel and O'Connor Associates from 1986 to 1996. Omar has been the COO of Bursa Malaysia since 16 September 2005.

# Management's Profile



## **DEVANESAN EVANSON**

Chief Market Operations Officer

Devanesan Evanson, aged 53, a Malaysian, is a Fellow of the ACCA and a member of the MIA. He also graduated with a Bachelor of Laws from the University of London in 1989. He is a Governor and past president of the Institute of Internal Auditors Malaysia and Vice President of the Malaysian Advisory Committee of ACCA. He has more than 15 years experience in the field of external and internal audit and has held various key positions within the Bursa Malaysia Group including Senior Vice President, Compliance and Inspection, Senior Vice President, Legal Advisory (Market Supervision), Head of Group Internal Audit and Risk Management, and Deputy CRO from September 2005 to July 2006. He was the CRO from August 2006 to December 2007 prior to his appointment as CMOO effective 1 January 2008.



## **NADZIRAH BINTI ABDUL RASHID**

Chief Financial Officer

Nadzirah Abdul Rashid, aged 45, a Malaysian, graduated with a Bachelor of Arts in Accountancy from the University of South Australia. She is a member of the MIA and CPA Australia. She has more than 20 years experience in the banking and finance sector, particularly in the areas of auditing, finance and administration. She joined the Bursa Malaysia Group in April 1999 as a Senior Manager, Finance & Administration of Bursa Malaysia Depository and has held various key positions within the Group including Vice President, Finance & Administration of Bursa Malaysia Securities Clearing, Head, Financial Accounting and Financial Controller of Bursa Malaysia prior to her appointment as CFO effective 1 September 2006.



## **SELVARANY RASIAH**

Chief Regulatory Officer

Selvarany Rasiah, aged 43, a Malaysian, graduated with a Bachelor of Laws from the University of Malaya and has been admitted as an Advocate and Solicitor of the High Court of Malaya. She practised law for several years before joining the Bursa Malaysia Group. She has held various positions within the Group including Assistant General Manager, Corporate Affairs, Legal and Compliance, Bursa Malaysia Depository, Senior Vice President/Legal Adviser, Listing and Head Regulatory Issues and Legal Advisory. She has more than 18 years of experience in dealing with legal and regulatory matters. She has dealt with a wide range of work relating to the capital market and served on various task forces on capital market initiatives. She sits on the Ethics Committee of the MIA. She was the Chief Legal Officer from July 2004 to December 2007 prior to her appointment as CRO effective 1 January 2008.



#### **LIM JIT JEE**

Chief Information Officer

Lim Jit Jee, aged 51, a Malaysian, graduated with a Bachelor of Science in Computer Science from Sonoma State University, California. Lim joined Bursa Malaysia in June 2008 as Head, Exchanges Operations of Market Operations before he was appointed as CIO, heading Technology & Systems on 15 September 2008. Lim brings with him over 20 years experience in the securities industry, having held many roles ranging from developing businesses, securities operations, managing critical projects, advisory and consultancy. Prior to joining Bursa Malaysia, Lim has been with the Association of Stockbroking Companies of Malaysia since 2004, and his last position there was as the Executive Director.



#### **SITI AISHAH MD LASSIM**

Chief Human Resource Officer

Siti Aishah Md Lassim, aged 41, a Malaysian, graduated with a Bachelor of Science and Master of Science in Industrial Engineering from Texas A&M University. She joined Bursa Malaysia as CHRO on 3 November 2008, and brings with her more than 17 years of experience in diverse fields which include management consulting, technology and human resources. Her many roles in human resources include performance management, rewards talent management, organisational restructuring and work force sizing. Her experience spans across multinationals and public listed companies, i.e. oil and gas, investment and commercial banking. Prior to joining Bursa Malaysia, Siti Aishah has been with the Maybank Group since 2002, and her last position there was as the Executive Vice President, Head of Corporate Human Resources.

# Accolades

## April

### **Exchange of the Year (Asia Pacific) 2008**

Bursa Malaysia was recognised as the Exchange of the Year (Asia Pacific) 2008, ahead of five other top Asia Pacific exchanges at the annual Futures & Options World (FOW) Awards 2008 held in London. The award was due to Bursa Malaysia's concerted efforts to promote, market and make itself attractive to investors outside Malaysia.

The FOW Awards 2008 recognised exchanges that made significant contributions towards the progress of global derivatives markets. The awards are part of the annual Derivatives World London, which is one of Europe's largest annual derivatives events, organised by FOW – a global derivatives magazine.

### **First Malaysian Company Acknowledged by Investor Relations Global Rankings for Good Corporate Governance Practices**

Bursa Malaysia was the first Malaysian company and the only exchange to be recognised by IRGR 2008. Named as one of the five best companies in Asia/Pacific and Africa in the area of CG practices, Bursa Malaysia was also ranked 16 out of 160 companies globally in the CG practices category.

This international award is organised by MZ Consult, a leading investor relations and financial communications firm, with the support of KPMG, NYSE Euronext, Arnold & Porter, Demarest & Almeida, The Bank of New York Mellon, Bloomberg and PR Newswire.

## August

### **Sectoral Winner in Annual KPMG Shareholder Value Award for Maximising Shareholder value**

Bursa Malaysia was named the sectoral winner under the Financial Services category in the annual KPMG Shareholder Value Award. The award is based on the continued value that the Exchange provided to its shareholders in 2007.

Organised by KPMG, this prestigious award programme is designed to promote corporate excellence through enhancing levels of disclosure and setting exemplary best practices. The KPMG Shareholder Value Award Programme evaluates all top listed companies on the Exchange.

## November

### **Bursa Malaysia Recognised for Corporate Governance Excellence by Minority Shareholder Watchdog Group**

For the third consecutive year, Bursa Malaysia took second position in the category for Overall Excellence in CG, as part of the CG Survey 2008, conducted by the MSWG.

MSWG's annual survey is an essential guide to stakeholders, allowing them to assess board oversight and management participation in CG. It is part of MSWG's continuing drive to promote CG and shareholder activism.

# Calendar of Events



**11 FEBRUARY 2008**  
19th Annual Palm Oil & Lauric Oils Conference & Exhibition



**10 MARCH 2008**  
Launch of Electronic Trading Platform for Bond Market



**25 – 27 MARCH 2008**  
Invest Malaysia 2008

**7 January 2008**  
**Introduction of Central Matching Facility**

Bursa Malaysia introduced the Central Matching Facility, an automated settlement system to provide more efficient and faster matching of settlement for institutional trades.

**11 February 2008**  
**19th Annual Palm Oil & Lauric Oils Conference & Exhibition**

This annual event saw participation of more than 1,700 attendees from 50 countries.

In conjunction with this year's conference, Bursa Malaysia presented a 'Lifetime Award' to Tan Sri Datuk Dr. Yusof Basiron, CEO of the Malaysian Palm Oil Council to mark his outstanding contributions to the palm oil industry.

**10 March 2008**  
**Launch of Electronic Trading Platform for Bond Market**

Bursa Malaysia introduced the ETP for the bond market which is aimed at boosting transparency and liquidity as well as increasing efficiency in bond trading.

**15 January 2008**  
**Memorandum of Understanding with Dubai Gold and Commodities Exchange**

Bursa Malaysia signed a MoU with the Dubai Gold and Commodities Exchange to establish cooperative ties aimed at developing the derivatives markets in Malaysia and the United Arab Emirates.

**26 February 2008**  
**Contribution towards Malaysian Palm Oil Wildlife Conservation Fund**

Bursa Malaysia contributed RM200,000 to the Malaysian Palm Oil Wildlife Conservation Fund, a fund that is geared towards championing global biodiversity and wildlife conservation.

**25 – 27 March 2008**  
**Invest Malaysia 2008**

The fourth edition of Invest Malaysia, organised in collaboration with AmlInvestment Bank and Macquarie, attracted more than 550 foreign and local fund managers, institutional investors and analysts from 179 foreign and local organisations.

This annual gathering was officiated by YAB Dato' Seri Abdullah Haji Ahmad Badawi, Prime Minister of Malaysia.

# Calendar of Events



**3 APRIL 2008**  
Bursa Malaysia's Annual General Meeting



**18 JUNE 2008**  
Inaugural Malaysia Islamic Capital Market Conference



**19 AUGUST 2008**  
KL Rat Race 2008

## 3 April 2008 Bursa Malaysia's Annual General Meeting

The 31st AGM was attended by more than 340 shareholders.

## 18 June 2008 Inaugural Malaysia Islamic Capital Market Conference

Bursa Malaysia hosted the inaugural MICM Conference. The conference which was endorsed by the Malaysia International Islamic Finance Centre attracted 350 top international scholars, Islamic investment banking professionals and international capital market captains.

## 5 September 2008 Debut of US Dollar Crude Palm Oil Futures

Bursa Malaysia's USD denominated crude palm oil futures contract, known as FUPO, made its debut on the derivatives market.

## 10 April 2008 Launch of Direct Market Access for Derivatives

Bursa Malaysia introduced a state-of-the-art DMA facility for the derivatives market which enables investors to route orders directly to the Exchange for immediate execution.

## 19 August 2008 KL Rat Race 2008

A new record was set this year with 140 teams from local and foreign private and public listed companies. A total of RM1.74 million was raised and the proceeds were channeled to 20 charitable organisations.

## 16 September 2008 Memorandum of Understanding with Karachi Stock Exchange

Bursa Malaysia signed a MoU with the Karachi Stock Exchange to establish cooperative ties between Pakistan and Malaysia in relation to the development of capital markets.





**9 OCTOBER 2008**  
2008 Yayasan Bursa Malaysia Scholarship



**24 – 28 NOVEMBER 2008**  
Australian Securities Exchange (ASX)  
Regulation Team's Study Visit



**1 DECEMBER 2008**  
Launch of Bursa Trade Securities

**9 October 2008**  
**2008 Yayasan Bursa Malaysia Scholarship**

A total of five best undergraduates were selected from a total of 156 applicants for the 2008 Yayasan Bursa Malaysia Scholarship.

**8 November 2008**  
**Malaysia Day 2008 (Retail Seminar)**

Bursa Malaysia and SIAS Research Pte Ltd (the research arm of the Securities Investors Association Singapore) jointly organised a seminar entitled 'Malaysia Day 2008' in Singapore to raise awareness of Malaysian companies and eventually generate interest in Malaysian stocks.

This marks the third year of Bursa Malaysia's involvement and the event succeeded in profiling eight selected Malaysian PLCs.

**24 – 28 November 2008**  
**Australian Securities Exchange Regulation Team's Study Visit**

ASX's regulation team visited Bursa Malaysia to exchange regulatory experience in the areas of market surveillance, investigation and enforcement.

**25 October 2008**  
**Bursa Malaysia – Federation of Public Listed Companies Golf Tournament**

The 19th Annual FPLC golf tournament was held at Sungai Long Golf Club. 80 avid golfers participated in the event.


**12 November 2008**  
**Infrastructure Agreement for Commodity Murabahah House**

Bursa Malaysia and Korea Exchange signed an agreement to develop the infrastructure for the CMH, a spot commodity trading platform which operates under Shariah requirements.

**1 December 2008**  
**Launch of Bursa Trade Securities**

Bursa Malaysia launched BTS, a new trading platform for the securities market. The introduction of this new trading platform will provide greater accessibility for both local and international investors, as well as enhance trading efficiency and transparency in the market.





2008 was a year of highs and lows. Early in the year, the KLCI hit an all time high and six of our FTSE Bursa Malaysia (FBM) indices achieved record peaks. However, the effects of the global financial turmoil and domestic uncertainties soon impacted our market.

As 2008 progressed, the US subprime mortgage problem unravelled, followed by a credit and liquidity crunch, with significant stresses to the global banking system. Not surprisingly, investor confidence, the world over, steadily evaporated, resulting in dramatic gyrations in the securities markets.

## Chief Executive Officer's Message

# Chief Executive Officer's Message

Key commodities traded at record highs during the beginning of the year, only to go into a sharp decline as global trade volumes decreased with major consuming countries of the West cutting their spending. By year end, the impact was felt around the world, with many countries moving into recession. Developed countries adopted an expansionary approach to counter the global economic crisis, with interest rate cuts and massive liquidity injections. However, it will take some time before we see any visible results and the global credit supply eases.

In Malaysia, the impact was reflected in a drop in export orders for our manufactured goods and a decline in foreign investments. While economic fundamentals and recently announced stimulus measures to boost domestic consumption should help mitigate the effects of the global downturn, we cannot realistically expect the same growth rates as experienced in recent years. Our listed companies are likely to experience challenging times, and this may be a key consideration for investors in the coming months. Overall, we ended the year with KLCI at 876.75 points, 39% below where we started.

In such circumstances, there is a great temptation for us to concentrate only on cost cutting measures and protecting our position. However, Bursa Malaysia believes in looking at long term growth and value, while maintaining efforts to safeguard our present position. Globally, markets are consolidating, and Bursa Malaysia will have to position itself to remain a relevant and attractive niche player amongst peer exchanges. This approach will help us remain focused on the creation of long-term shareholder value.

## KLCI hits record high on 11 January 2008 at 1,516.22 points.

On the same day, the following key FBM indices also achieved record highs:

INDEX NAME	RECORD HIGH INDEX LEVEL
FBM Large 30	9,878.48
FBM 100	10,013.76
FBM Small Cap	12,687.83
FBM EMAS	10,314.58
FBM Hijrah Shariah	12,473.45
FBM EMAS Shariah	11,106.05

The KLCI and FBM indices declined against the backdrop of the 2008 financial turmoil. The year-on-year performance is as follows:

	INDEX LEVEL		MOVEMENT	
	2007	2008	2007	2008
KLCI	1,445.03	876.75	32%	(39%)
FBM Large 30	9,343.67	5,637.73	32%	(40%)
FBM 100	9,502.36	5,613.94	33%	(41%)
FBM Hijrah Shariah	11,660.06	6,640.04	62%	(43%)
FBM Second Board	6,732.35	4,007.31	11%	(40%)
FBM MESDAQ	6,109.16	3,333.59	(6%)	(45%)

## OUR MARKET

As with all other markets globally, Malaysia has been adversely impacted by the financial circumstances of 2008. The effect on our securities market resulted in our daily average trading value decreasing by 46%. Total market capitalisation declined by 40%. Poor market sentiment and weak performance was reflected in retail participation levels, which dropped to 24% in 2008, against 37% in 2007. However, foreign participation took up some of the slack, rising to 42% in 2008, compared with 37% the previous year.

Our derivatives market provided a bright spot. Market volatility actually drove activity, and there was only a marginal 1% decline in trading volumes.

One of the high points for derivatives came when Bursa Malaysia was named as the Exchange of the Year (Asia Pacific) at the FOW Awards 2008 held in London, in recognition of our concerted efforts to promote the Malaysian derivatives market to international investors. The award also recognised the stellar performance of our main product, FCPO, which had recorded 159% growth over 3 years (2005-2008).

Away from our main markets, the electronic trading of bonds on our ETP saw some initial activity, but performed in a lacklustre manner thereafter. On the LFX, there were two new listings in 2008, bringing the total listings to 46 with a market capitalisation of USD15.6 billion.

## Securities

RM billion	2007	2008
Daily Average Trading Value (OMT & DBT)	2.3	1.3
Total Trading Value (OMT & DBT)	581.7	313.1
Market Capitalisation	1,106.2	663.8
%	2007	2008
Velocity	53	34

## Derivatives

	2007	2008
Daily Average No. of Contracts Traded	25,010	24,878
Total Contracts Traded (in million)	6.2	6.1

### FKLI

- Daily volume hit record high of 51,210 contracts on 26 March 2008
- Daily open interest reached record high of 65,192 contracts on 26 March 2008
- Spot month contracts traded as high as 1,536 points on 15 January 2008 and lowest at 803.5 points on 28 October 2008

### FCPO

- Total volume hit record high of 3.0 million contracts in 2008
- Daily average volume reached record high of 12,210 contracts in 2008
- Third month contracts traded as high as RM4,486 on 4 March 2008 and lowest at RM1,331 on 28 October 2008

## LFX

	2007	2008
Market Capitalisation (USD billion)	15.0	15.6
No. of Listings	44	46

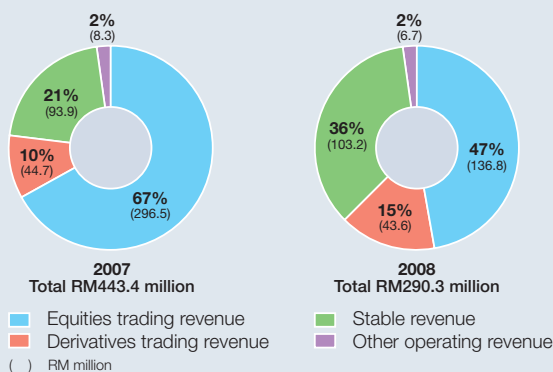
# Chief Executive Officer's Message

## FINANCIAL REVIEW

2008 was a very challenging year for us, with quarter-on-quarter profits showing a downward trend. We ended the year with a profit after tax of RM104.4 million, a 57% reduction compared to 2007.

### 1. Operating Revenue

Total revenue amounted to RM290.3 million, down by 35%. Despite the poor performance of the securities market in 2008, this sector remained the largest contributor to Bursa Malaysia's operating revenue.



#### a. Equities Trading Revenue

Equities trading revenue which declined by 54% to RM136.8 million was affected by cautious investor sentiment. The downward revision in clearing fees was intended to spur investor interest and trading activities. However, volumes responded more to global pressure and daily average trading value declined by 43% to RM1.3 billion.

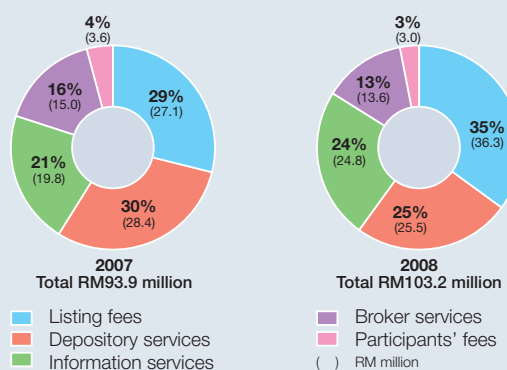
#### b. Derivatives Trading Revenue

Trading revenue from the derivatives market was fairly stable at RM43.6 million. The number of contracts traded also showed little change. The total number of contracts traded in 2008 was 6.1 million compared to 6.2 million in 2007. Our FCPO benefited from the volatility in palm oil prices, while our FKLI traded with caution throughout the year. The performance of our key derivatives products is as follows:

	2007	2008
FKLI trading revenue (RM million)	28.0	25.1
No. of FKLI contracts traded (million)	3.2	2.9
FCPO trading revenue (RM million)	12.3	12.8
No. of FCPO contracts traded (million)	2.8	3.0

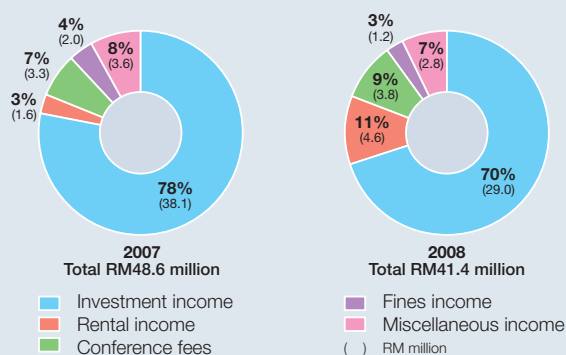
#### c. Stable Revenue

Stable revenue grew 10% to RM103.2 million, following the full implementation of the revised listing fee structure. Income from information services increased due to greater information distribution spurred by the revised fee structure. Our depository fees dropped due to a reduction in corporate activities, fewer transfer transactions and lower request for RODs. Broker services income reduced due to the phasing out of older network equipment.



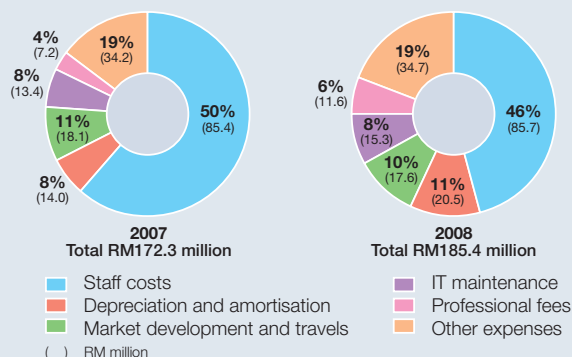
## 2. Other Income

Other income declined 15% to RM41.4 million as a result of lower investment income. Our investment income declined due to lower operating cash flows, lower return on investments and fewer profit-taking opportunities in the bond market. On a brighter note, we rationalised our own office space requirements and were able to let out more office space at Exchange Square, leading to an increase in rental income.



## 3. Operating Expenses

With the market driving revenue numbers down, we were even more vigilant in controlling our operating expenses. The increase in expenses came mainly from higher depreciation and amortisation charges following the upgrading of our IT infrastructure and renovations carried out in 2008 and 2007. Continued business development activities were reflected in higher professional fees, while other costs were generally kept under control. Overall, operating expenses rose 8% to RM185.4 million.



## 4. Capital Expenditure

Despite the challenging economic climate, our focus remained on maintaining Bursa Malaysia's competitiveness. Thus, while we conducted a rigorous prioritising exercise during the year, we were firm in proceeding with capital expenditure which will bring greater efficiency and accessibility to our market. To improve our infrastructure for the Malaysian capital market, we implemented BTS in December 2008. Total capital expenditure during the year declined 15% to RM34.0 million. In addition, we have committed another RM34.0 million for various ongoing initiatives.

## 5. Rewarding Shareholders

At Bursa Malaysia, we are unwavering in delivering value to our shareholders. Despite the many challenges faced during the year, we are aiming once again to return 90% of our profits to shareholders. We have paid out an interim net dividend of 12.2 sen per share, and we are proposing a further dividend for 2008, bringing the total payout to 18.1 sen per share.

# Chief Executive Officer's Message

## STRATEGIC THRUSTS

In 2007, Bursa Malaysia's primary focus was to improve velocity, with a secondary focus on improving the quality of internal structures and processes. In 2008, we concentrated on driving velocity in securities and activity in our derivatives markets. Moving forward, Bursa Malaysia's strategic goals from 2009 to 2011 will be to continue growing its core businesses, while establishing its niche in commodities and Islamic markets. This will represent a unique value proposition in the global marketplace.

### Bursa Malaysia's Four Strategic Thrusts

#### ■ Increase overall competitiveness

To match peers by making the process of trading easier, reducing the friction of transacting on our markets and adapting to new requirements.

#### ■ Develop robustness and resilience

To diversify revenue sources by expanding both the product range and the issuer base. Further, to develop institutional investors and retail investor base, and increase market vibrancy. All these are underscored by a strong and stable regulatory and investor protection framework.

#### ■ Internationalise the market

To internationalise our market, we are looking at facilitating foreign and dual listings, encourage more participation by foreign intermediaries and promote the market to foreign investors.

#### ■ Create a differentiated value proposition

To encourage issuers and investors to choose the Malaysian market as the place for fund raising and investment.

## PROGRESS & PLANS

In pursuit of our strategy, we must improve accessibility, diversify our products and enhance market liquidity. This will help us improve our attractiveness to issuers and investors, and secure the niche we have identified.

### 1. Improving Accessibility

One of our main goals is to ensure that our infrastructure is superior to or, at least, on par with our global peers. Fundamental to achieving this is improving access and distribution channels.

### a. Electronic Trading Platform for the Bond Market

One of the most significant infrastructure developments early in the year was in the fixed income market. The ETP, which is the electronic trading platform for the bond market, was successfully launched in March 2008. ETP offers price information, order matching, trade negotiation, trade reporting and market surveillance functions. This new platform provides transparency and increases efficiency in bond trading. We have enhanced the platform in January 2009 and expect further improvements to the ETP as we proceed.

### b. Direct Market Access

Following the launch of Bursa Trade Derivatives (BTD) in November 2006, we have also improved market access for the derivatives market by introducing DMA in April 2008. The use of the DMA has increased steadily since it was launched. Investors participating in our derivatives and options markets may now enjoy 'zero touch' by routing their orders, via a Trading Participant (TP), directly to Bursa Malaysia with their preferred trading tools. Trading anonymity is retained while allowing greater control over trade execution and strategy.

### c. Bursa Trade Securities

To progress in tandem with global markets, new technology is a necessity. Our new trading platform for the securities market, BTS, is a key strategic initiative that was launched on 1 December 2008.

### BTS Key Features

- Theoretical opening and closing price
- Ability to see 5 best price limits
- Real time continuous matching
- Trading-at-last capability

BTS has wider trading functions and features, which will further boost Bursa Malaysia's competitiveness and efficiency. It is expected to provide better capability in processing and execution of orders and trades, and connecting institutional clients directly to Bursa Malaysia.



BTS and BTD provide a scalable and efficient integrated trading platform for both securities and derivatives. In combination, with the entry of new participants, we hope to see all of these contribute to more robust trading.

## New Market Participants

### ■ Securities

Application approval given to establish one foreign stockbroking company

### ■ Derivatives

Three new Trading Participants established

Along with the rest of the world, Malaysia is being fundamentally transformed by globalisation. To further enhance our accessibility to international investors, we have established a development plan which next targets rolling out DMA for the securities market. Online trading will also continue to be encouraged and should grow to become a more prominent feature of our markets.

## 2. Diversifying Our Products

A broad and multifaceted product range is a feature of all leading exchanges. Accordingly, Bursa Malaysia must expand its offerings to cater to the growing and sophisticated needs of investors.

### a. Exchange Traded Funds

The growth of ETFs over the past three years has given investors wider investment options. Generally, ETFs increase liquidity in the stock market and present investors an opportunity to invest in a wide array of stocks at a lower cost.

In January 2008, we listed MyETF Dow Jones Islamic Market Malaysia Titans 25 (MyETF-DJIM25) which was seeded by government linked investment companies. This is Malaysia's first National ETF and also the first Shariah compliant ETF in Asia. With MyETF-DJIM25, investors can acquire units of the fund with a single transaction, and immediately invest in the largest 25 Shariah compliant companies trading on the stock market, as determined by the Dow Jones Islamic Market Malaysia Titans 25 Index.

### b. USD Crude Palm Oil Futures

As part of Bursa Malaysia's plan to grow the derivatives market, we have introduced FUPO, a USD denominated crude palm oil futures contract. FUPO is basically a cash settled contract that uses FCPO's settlement price. The wide appeal of the FCPO, which is the global pricing benchmark for palm oil, encouraged us to expand our offerings in USD denominated commodity derivatives. This new derivatives product not only provides an opportunity for us to further globalise our futures market but also positions Bursa Malaysia as an internationally competitive marketplace for derivatives trading. Launched in September 2008, FUPO is mainly designed to attract foreign traders and investors who wish to trade in USD.

Providing choice and variety to the market players are key elements of our strategies. We have, therefore, developed a firm plan to introduce more products in the coming year. Some of the products in the pipeline include multi-currency and thematic ETFs, as well as new index linked products.

## 3. Strengthening Liquidity

Bursa Malaysia has also identified several initiatives, aimed at strengthening liquidity, which include the following:

### a. Market Awareness and Education

Education is a key element of creating interest in our securities and derivatives markets, especially amongst younger investors. With the aim of developing retail participation, various programmes were conducted during the year, often with the involvement of market participants. There was a focus on both the domestic and foreign retail segment, with the ultimate objective of increasing awareness of the available investment opportunities.

# Chief Executive Officer's Message

## Retail Marketing Rollout

### We have sponsored/participated in the following:

- Market Chat 2008 – Joint venture with 7 POs in 48 venues nationwide, September 2008 – February 2009
- Malaysia Day 2008  
Singapore, November
- Investor Expo 2008  
Kuala Lumpur, October
- Retail Investing Shariah Compliant – “Jom Melabur Cara Islam 2008”  
Mara College – Banting, September
- Retail Security Shariah Compliant Investing –  
Al Kulliyah TV3 Live Telecast, June
- Asia Trader and Investor Convention 2008  
Kuala Lumpur, Singapore, Mumbai, Ho Chi Minh City,  
March – June

We place high importance on institutional investor participation in our market. To promote the capital market, we have taken part in a number of international forums and conferences, traveling to destinations such as London, New York, Hong Kong, Mumbai, Dubai and Singapore. Locally, we organised the annual Invest Malaysia Conference in March and the MICM Conference in June. Our aim was to spotlight Malaysia as an investment and capital raising destination, address issues that may impede our market's attractiveness as well as promote our products and services.

## Bursa Malaysia's Conferences

- **Annual 19th Palm & Lauric Oils Conference and Exhibition, February 2008**  
A unique international event that served as an effective platform for intellectual discourse on the various developments and issues affecting the palm oil industry and the price outlook of palm and lauric oils.
- **Invest Malaysia, March 2008**  
The fourth running of this annual showcase for leading Malaysian PLCs provided a platform for interaction between the management of participating PLCs and local and foreign institutional investors. The additional presence of policy makers and industry leaders at the event attracted significant international media coverage and raised the visibility of the Malaysian capital market.
- **Malaysia Islamic Capital Market Conference, June 2008**  
The objective of this conference was to profile Bursa Malaysia's commitment to the development of the ICM and products.

## b. Revised Clearing Fee

Another initiative to improve liquidity was the revision of our securities clearing fee from 0.04% (with RM500 cap) to 0.03% (with RM1,000 cap) per contract. The revised fee took effect from 1 January 2008 and strengthened our competitiveness for retail investors.

## c. Market-Making Framework

We are in the process of establishing a market-making framework for our markets. Market-making reduces risk through improved market efficiency and a better price discovery process. It will reduce the impact of large trades, improve liquidity and enhance competitiveness.

We are currently in the process of setting up the regulatory and IT infrastructure for the project and target to implement the first phase of the market-making framework for Structured Warrants (SWs), ETFs and derivatives by the first half of 2009. Central to this process will be the admission of specialist market makers.

## d. Streamlining the Main and Second Boards and Revamp of the MESDAQ Market

Together with the SC, Bursa Malaysia is now working to create a new unified board, which will list companies with an established profit track record. The MESDAQ Market is expected to be transformed into a sponsor-driven market and expanded to include the listing of both technology and non-technology emerging companies. This initiative should position Bursa Malaysia as an attractive listing destination for both local and foreign companies. It is also part of a broader plan to enhance access to Bursa Malaysia and improve the speed of fund raising. A public consultation process covering the draft rules and guidelines commenced in February 2009. It is expected that the streamlining of boards will be implemented in 2009.

In line with global trends and investor expectations, we will be introducing an over the counter model for Securities Borrowing and Lending (SBL). We will also revise the minimum bid structure in an effort to increase market turnover and enhance price discovery.

## 4. Creating the Niche

Malaysia has seen considerable development and expansion in the Islamic securities and bond markets over recent years, as a result of innovation in Islamic project financing and growth in Shariah approved investment products. Malaysia has also earned a reputation as a pioneer in Islamic capital market-related research and development. These merits provide an opportunity for Bursa Malaysia to carve a niche for itself as a vibrant ICM.

Malaysia is also the world's second largest palm oil producer and a producer of other international commodities. Bursa Malaysia intends to leverage on this position and develop a niche in commodities.

### a. Developing the Islamic Capital Market

One of the most inspiring features of 2008 is the continued progress which has taken place in Islamic finance and ICM. Market players, regulators and intermediaries have all been instrumental in promoting Malaysia as an Islamic financial and investment centre with innovative ideas and products.

For some years, Malaysia has had a record of leadership in ICM investment products, which includes sukuk, i-REITs and i-ETF. Bursa Malaysia will launch more Islamic products, going forward, as these are attractive asset classes for investors who seek diversification.

### Islamic Products and Indices

#### ■ Securities

- Al-'Aqar KPJ REIT, the world's 1st Islamic REIT;
  - Al-Hadharah Boustead REIT, the world's 1st Islamic Plantation REIT;
  - MyETF-DJIM25, Asia's 1st Shariah compliant ETF
  - Axis REIT
- In addition, there are 855 Shariah compliant PLCs.

#### ■ Derivatives

- FPKO, FCPO;
- Both are Shariah compliant products.

#### ■ Sukuk

Malaysia is a leading issuer of Shariah compliant Islamic bonds.

#### ■ Indices

- FTSE Bursa Malaysia Hijrah Shariah Index\*; and
  - FTSE Bursa Malaysia EMAS Shariah Index.
- Constituents of both indices pass SC's Shariah Advisory Council screening.

(\* This is also screened by Yasaar Ltd, the leading global Shariah consultancy)

As part of developing the ICM, Bursa Malaysia has appointed its own Shariah Advisor to support our products and services innovation. This spurred developments in 2008 that focused on the building of CMH which is aimed to facilitate liquidity management, product development and sukuk issuance. We are also looking at the development of an Islamic Securities Selling and Buying (ISSB) facility, a Shariah compliant shorting mechanism to support the creation and redemption of Islamic ETFs. The Islamic infrastructure that is being developed will provide an end-to-end Shariah solution, and foster the trading of Shariah compliant securities as well as the development of other Islamic products.

In December, Bursa Malaysia introduced new rules for the listing of sukuk and debt securities. Under the new framework, sukuk or debt securities denominated in Ringgit and foreign currencies issued by local and international listed and non-listed entities will be allowed to be listed on the Exchange. The requirements are comparable with practices in other exchanges that provide similar listing facilities.

To add to these, the FBM EMAS Shariah Index and FBM Hijrah Shariah Index will also contribute positively towards profiling Malaysia as an Islamic financial hub.

Bursa Malaysia's capability in pursuing innovative products that cater to market needs distinguishes us from our competitors as we are able to provide differentiation to the market and thus contribute positively to the development of the ICM.

### b. Paving the Way for a Commodities Centre

Part of differentiating Bursa Malaysia and offering a distinct value proposition to investors will be to position Bursa Malaysia as a premier commodities centre. The challenge will be to leverage on our existing status as a leading palm oil futures trading hub with a range of related derivatives products. Strategic options include creating partnerships with other exchanges and providing assistance to younger exchanges primarily in commodities producing countries leading to greater inter market cooperation. We will also be developing commodity themed ETFs for stronger domestic sectors, such as plantations, and consider other options of investment in commodities.

# Chief Executive Officer's Message

Another element in our agenda is the introduction of thematic indices to profile Malaysia's niche industries. One of our first moves will be the launch of palm oil plantation indices, scheduled for the first half of 2009. This move will add variety, profile companies within the palm oil sector, and pave the way for the development of more index linked products.

Other initiative include seeking Commodity Futures Trading Commission's (CFTC) approval to enable US investors to trade directly in our financial derivatives products.

The existence of a sound market infrastructure, innovative products, processes which promote liquidity, and the creation of two special niches which distinguish Bursa Malaysia from its competitors, provide the confidence needed to attract investments which, in turn, facilitates fund raising for issuers.

## 5. Profiling Bursa Malaysia as an Attractive Listing Destination

New listings are important to any exchange and, despite market uncertainties, there were 23 listings in 2008. The challenge before us is to encourage emerging local companies to continue to view listing as one of their desirable corporate milestones, while opening our market to the listing of issuers from outside Malaysia.

### a. Promotion of Listings

To promote Bursa Malaysia as a listing destination, we work closely with investment banks and undertake various other activities. These include public speaking engagements and dedicated company visits to countries like China, Vietnam, Indonesia and Brunei. Our promotional efforts are focused on raising awareness amongst market participants, including intermediaries, existing listed entities and potential issuers. We have also enhanced our website to assist potential issuers by including criteria for listing, basic costs associated with listings, a summary of the process and the post listing support services offered by Bursa Malaysia.

### b. Increasing Investability of Issuers

Besides promoting Bursa Malaysia as a place to list, we have also commenced efforts to enhance the quality of existing issuers.

### i. Malaysian Investor Relations Association

Malaysian Investor Relations Association (MIRA) was successful in 2008 in creating greater awareness of the importance of Investor Relations (IR), and added more PLCs to its membership roll. Combined with relevant education initiatives for its members, MIRA complements Bursa Malaysia's objectives by assisting companies to embark on their own IR programmes, thereby enhancing their investability. Shortly after Bursa Malaysia established MIRA in June 2007, it launched the IR Incentive Programme, more commonly known as IRIP, to assist listed issuers gain better exposure to investors, by establishing their own IR webpages linked to an IR portal. The association hopes to obtain more participation from issuers by organising annual awards to companies which showcase best practices, as well as offering professional certification for IR practitioners in Malaysia.

### ii. CMDF-Bursa Research Scheme II

Historically, research coverage has tended to concentrate on the larger, high profile companies, leaving other companies under-covered. The CBRS II is a continuation of Bursa Malaysia's proactive approach to address this problem. It is designed to facilitate greater investor understanding of a broader spectrum of Malaysian listed companies by raising the profiles of listed companies that find it difficult to get research coverage. Our effort is concentrated on managing the scheme to ensure that the participating companies enjoy consistent research coverage of their stocks, and feature on the radar screens of investors. All the research reports generated under CBRS II are posted on Bursa Malaysia's eResearch website and are made available to the public free of charge. These reports are also pushed out through information vendors.

## Profiling Public Listed Companies

- Number of reports published by the participating research houses in CBRS II - 2,207
- Number of companies participating in CBRS II - 214
- Number of CBRS II website average hits per day - >38,000
- Number of listed companies signing up with IRIP - 100

## 6. Internationalising Our Market

Bringing new products and enhancements of existing products to the market and improving international participation are some of the key efforts that will help broaden our market's reach. Bursa Malaysia's initiatives include the following:

### a. Multicurrency Securities Framework

Our efforts to develop a multicurrency infrastructure began in 2008. Comprising pre and post trade systems to support the listing, trading, clearing and settlement of multicurrency equities, the framework will cover fund flows and processes within the context of BNM's foreign exchange administration policy. With this initiative, we are more competitively positioned amongst regional markets to attract domestic and foreign issuers to list and cross list multicurrency securities. The availability of a multicurrency option also promotes the potential for regional linkages, which require settlement in a common currency. The launch of the first multi-currency product is expected to be within the first half of 2009.

### b. FTSE Bursa Malaysia KLCI

As part of Bursa Malaysia's ongoing efforts to remain globally relevant and build a quality market, we are looking at adopting the FTSE global index methodology to our benchmark KLCI. The FTSE Bursa Malaysia KLCI will adopt FTSE's international index calculation methodology based on free float and liquidity.

In addition, we aim to work hand in hand with other regional exchanges to make the ASEAN Link a real possibility.

## 7. Our Regulatory Role

A well regulated market is crucial to fostering investor confidence. Regulation is an integral part of Bursa Malaysia and we place significant emphasis on market regulation. The regulatory function is structured to be independent of the business units in order to manage both perceived and real conflicts of interest (COI).

Maintaining a fair and orderly market and providing investor confidence is at the core of what we do. We focused on several key themes during the year to ensure high levels of market transparency, orderly trading and investor protection. These revolved around enhancing CG practices, improving standards of disclosure, promoting high standards of business conduct amongst participants, increasing the effectiveness of enforcement and elevating the level of education and awareness in the industry.

We are committed to maintaining high standards of CG. Amongst the initiatives under progress are developing a CG practical guide for directors, collaborating with institutional investors to create awareness on how shareholders rights can influence company behaviour and, working with industry organisations and professionals bodies to strengthen the CG landscape.

We have vigilantly tracked the effects of global downturn and proactively monitored and managed the implications to our Participants and listed issuers by heightening supervision, monitoring and engagement, to ensure investor protection.

The aftermath of the global financial events have underscored the significance of having appropriate levels of market regulation. At Bursa Malaysia, we strive continuously to achieve a good blend of market regulation and market development. Accordingly, a balanced regulatory approach is important to us. Through our robust and effective market regulation framework, we strive to provide a market of integrity.

A more detailed commentary on our regulatory function appears on pages 48 to 51 of this annual report.

# Chief Executive Officer's Message

## TECHNOLOGY & SYSTEMS

On the technology side, a large number of projects were implemented in 2008. As mentioned earlier, there was a significant technology element in most of the initiatives rolled out during the year. The more significant ones include:

### 1. Bursa Trade Securities

The securities trading system was enhanced from the old System on Computerised Order Routing and Execution (SCORE) into a superior system now called BTS. The new system is scalable, supports a high velocity market, enables open access, reduces latency and is on par with the performance and capabilities of leading exchanges in the developed market.

### 2. DMA Derivatives

To facilitate advanced trading strategies, the DMA infrastructure reduces latency by routing orders to the trading engine in milliseconds.

### 3. Other projects include:

- a. Refreshing the technology of Bursa LINK to cater to the increasing user needs and demands;
- b. Enhancing Sub-Division of Shares, Shares Consolidation and Bonus Issue Exercise in the CDS (SPEEDS) to include more corporate exercises under the programme by early 2009.

Technology development is now an integral part of most initiatives designed to improve our market, our products and our processes, and the coming years promise to be no less exciting than 2008. However, as with all computerised systems, Bursa Malaysia did not escape from the occasional technical problem. We experienced some technical issues in 2008 that affected the securities and the derivatives markets, but we have taken the necessary steps to manage the risk and minimise future disruption by enhancing our business continuity and disaster recovery capability. Improvements include increased availability of systems and faster recovery times in the event of a system failure.

## CUSTOMER CARE

Ultimately, the focus of all our efforts is providing top quality service to investors and industry participants. To achieve this, we must listen to them and respond to what they tell us.

An important step to make it easier for our customers to provide feedback and ensure Bursa Malaysia has a structured process for addressing their opinions was the establishment, this year, of a full-fledged Customer Care and Complaint Bureau (CCCB). This is a milestone achievement for Bursa Malaysia. CCCB has been charged with attending to complaints or enquiries involving all aspects of Bursa Malaysia's services and operations and the securities industry as a whole. CCCB also plays a wider role as a frontline facilitator for other divisions within Bursa Malaysia, acting as a one-stop centre to interface with the public and investors. The centre is equipped with facilities which can also help visitors learn about the various products and services offered by Bursa Malaysia. Members of the public may visit the CCCB, which is located at the Lower Ground Floor of our Exchange Square to seek assistance and make enquiries.

### Customer Care & Complaint Bureau

<b>E-mail Address</b>	aduan@bursamalaysia.com enquiries@bursamalaysia.com
<b>Telephone</b>	03 – 27320067
<b>Fax</b>	03 – 27325258

## OUR OUTLOOK

We are committed to delivering genuine customer satisfaction with our state-of-the-art systems and infrastructure, robust product range and well-regulated market. These are the keys to building resilience to the turmoil that surrounds us. They will also provide us with a value proposition that ensures we enjoy a vibrant future.

Globally, financial and credit market conditions are likely to remain difficult over the next six to 12 months. The depth and extent of the damage to the economies of Malaysia's major trading partners is still unclear. The International Monetary Fund, the Organisation Economic Cooperation Development and others have all produced forecasts which suggest a substantial and prolonged slowdown in the developed world.

In this climate, Malaysia will certainly experience slower growth. In response, the Government has announced its own expansionary policy plans with a view to helping the country ride out the global economic crisis. BNM cut its benchmark Overnight Policy Rate (OPR) to boost domestic consumption. However, we will not be shielded entirely from the wider world.

We are under no illusions; the near term will be difficult for us at Bursa Malaysia and for our market. Therefore, we have built up reserves, which are more than sufficient to sustain us and provide the resources to adopt the forward-looking strategies I have outlined. We intend to stay the course and emerge stronger.

## IN APPRECIATION

As always, the progress we have made this year, even in such difficult circumstances, is the result of a concerted effort by many people, and the support of many others.

We owe thanks to the investors and the market participants who have stayed the course and retained faith in our markets. We owe thanks also to those who help support us with products and services. An efficient, innovative and cost effective market is the goal for us all and we will not slacken our efforts to stay at the leading edge of progress.

To all our staff, whose perseverance and commitment humbles me, I extend my personal thanks. Your dedication to this company is an inspiration.

To the nation we serve and the society that expects much of us, thank you for your continued support. To those who watch over us and monitor our progress, whether as regulators or as directors on our Board, thank you for all your efforts and guidance. Your backing is crucial for our success.

Finally, to our shareholders, your constant support is the foundation of our future progress. We must invest in new ideas, products and technology if we are to become a leader amongst regional exchanges. That means continuing to build our business while employing our reserves wisely during challenging times. All of us at Bursa Malaysia are grateful for your loyalty.



**DATO' YUSLI BIN MOHAMED YUSOFF**  
Chief Executive Officer







# Advantage Accessible

Experience open  
access without  
changing the  
way you trade

# Regulation

We continue to pursue our core objectives of providing investor protection and preserving market integrity through robust and effective market regulation and promoting investor confidence through high levels of market transparency and orderly trading. We also endeavour to constantly position ourselves to manage the various regulatory challenges faced.

In January 2008, we embarked on a regulatory reshaping exercise, where we reassessed and benchmarked our overall approaches and processes against best practices to achieve greater performance levels. This led us to employ new and progressive methods to deal with our regulatory concerns. Enhancements were also made to internal processes to achieve greater regulatory effectiveness.

We took a thematic approach and focused on key areas which are central to the maintenance of a fair and orderly market. It revolved around five themes:

- enhancing the standards of CG among listed issuers;
- improving standards of disclosure;
- promoting high standards of business conduct and self-regulation among Participants;
- enhancing the effectiveness of enforcement; and
- elevating the level of education and awareness in the industry.

The effective execution of these thematic plans called for the restructuring of the Regulation Group. This exercise involved carving out the Enforcement Department as a stand-alone division and separate from the Investigation & Enforcement Division, to ensure greater independence and segregation of functions. A dedicated CG Department was also set up to enhance CG practices. Staff skills were continuously enhanced to encourage professional learning, development and embracement of a balanced supervisory culture.

## PARTICIPANTS MONITORING

We have vigilantly tracked the effects of global downturn and proactively monitored the implications to our Participants as well as addressed the potential ramifications to our market.

We ensured that Participants have adequate capital. In this area, their capital adequacy ratio was monitored more frequently by comparing their positions versus exposures and the potential corresponding impact from market volatility. Participants were reminded on the need to maintain capital requirement obligations and exercise prudent risk management policies at all times, particularly in volatile market periods. Engagements were made when concerns surfaced. An assessment was carried out on best practices and the adequacy of Participants' risk management measures. Our review revealed that they continue to observe appropriate standards of business conduct and have in place adequate risk management measures.

As at 31 December 2008, the industry average for Investment Banks' Risk Weighted Capital Ratio (RWCR) was above the minimum requirement of 8%. The industry average for Non-Investment Banks' Capital Adequacy Ratio (CAR) was 11.12 times against the minimum requirement which must exceed 1.2 times. Finally, the industry average Adjusted Net Capital for derivatives brokers was RM11.9 million, which is above the minimum requirement.

## CORPORATE GOVERNANCE STANDARDS

Bursa Malaysia is committed to maintaining high standards of CG, which is inextricably linked to market integrity. Key initiatives carried out to raise CG standards during the year were premised on collaboration with professionals and industry organisations and through direct engagements with listed issuers and institutional investors.

We reviewed CG disclosures in annual reports as part of our monitoring function and communicated with listed companies on their disclosures or the lack thereof. We also carried on-site examinations of a select group of listed companies based on defined indicators.

We are in the midst of developing a CG practical guide to provide guidance to listed companies to enhance CG practices. Collaborative efforts with institutional investors to create awareness on how shareholders rights can influence company behavior, is on track. Amendments were also made to our Listing Requirements (LR) to incorporate the various CG rule changes.

Bursa Malaysia has required quarterly reporting since 1999. During the year, we achieved a higher rate of compliance on submission of quarterly and yearly financial statements. Results show that 98% of listed issuers complied with the reporting obligation stipulated in the LR.

## DISCLOSURE STANDARDS

At Regulation, we have a strong focus on adequacy and timeliness of disclosures. Efforts were heightened to ensure issuers make appropriate disclosure on all material information to the market place to aid informed decisions. There was also greater engagement with listed issuers and advisers to enhance the standards of disclosure.

For 2008, Listing issued 192 announcement queries (2007:144) requiring listed issuers to disclose additional information on their announcements to ensure adequate information is released to the market. In terms of media queries, a total of 205 queries were made for 2008 (2007: 284) to clarify, deny or confirm rumors or reports on material information that have not been previously disclosed.

To further enhance the standards of disclosure, we embarked on a 'Disclosure Project' in 2008. This entailed a review of our current disclosure requirements, a comparative study against other benchmarked jurisdictions' and obtaining feedback from the industry. This review is expected to result in certain changes being made to the LR and issuance of guidance notes to listed issuers.

## BUSINESS CONDUCT AND SELF-REGULATION

We were well positioned to deal with the uncertain and volatile market environment through the implementation of several safeguard measures. These actions were aimed at securing investor protection and preventing systemic risks, particularly from defaults arising from volatile market conditions. The measures include heightened supervision of Participants, vigilant monitoring of their financial conditions and clients' assets under their custody, review of key market indicators, industry positions and exposure, conducting impact testing for potential deterioration in positions held, and constantly engaging Participants.

We adopted a risk based approach with respect to onsite inspections on Participants. Inspections were focused on Participants with high risk profiles and thus higher impact on market integrity. As a result, we were able to prioritise our resources and focus on selected areas and Participants. This translated into execution of our supervisory activities in a more efficient and effective manner without compromising on the quality of our supervisory activities.

For disclosures in circulars by listed issuers, a risk based approach was exercised for effective quality control. Routine circulars were post-vetted, medium risk circulars subjected to a limited review and complex circulars had to go through a full review.

## EDUCATION AND AWARENESS TO THE INDUSTRY

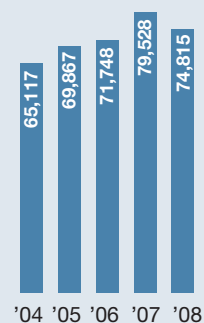
We adopted a new soft enforcement approach during the year with a view of addressing trading concerns more effectively. We engaged with Participants when trading concerns were noted and furnished them with irregular trade details and patterns for their due diligence review and further action. This approach also created awareness amongst senior management of broking firms on the various types of questionable trading behavior.

Initiatives to maintain high standards of business conduct, enhance self-regulation and achieve compliance with Rules were carried out. These initiatives centered on having regular engagement with senior management and Board of Directors of Participants through dialogue sessions and a conference with Compliance Officers. One-to-one engagements with senior management of Participants were also conducted to discuss our specific trading observations and concerns, operational issues and progress on past recommendations.

These engagements proved useful as we were able to quickly relay our regulatory concerns as well as obtain feedback on the challenges and limitations faced by market participants. This education and awareness programme will continue with road shows and dialogue sessions planned for Participants in 2009.

## MARKET ACTIVITY

The breadth and depth of market announcements by issuers reflects the level of market activity for Regulation as a whole. In 2008, the number of corporate announcements issued was 74,815 which is a 6% drop from 2007 of 79,528, due mainly to the general slowdown in corporate activities, as shown in the histogram below.



Number of Corporate Announcements

# Regulation

## SURVEILLANCE MONITORING

Whilst trading exuberance and bullish sentiments were the defining characters in 2007, these market traits were reversed in 2008. Against a highly volatile and down trending market, market surveillance activities focused on being vigilant to ensure orderliness in the market place through the conduct of dynamic and timely regulatory measures.

While we continue to undertake real-time monitoring of securities and derivatives trading activities, the adoption of soft enforcement approach was in our view, effective in providing investor protection.

The sharp fall in crude oil and crude palm oil prices in the second half of 2008, affected oil & gas and plantation sectors. This consequently resulted in price correction and consolidation in these related securities. The volatility in CPO prices and KLCI movements during the year necessitated greater market vigilance against potential price manipulation and breach of speculative position limits in the futures market.

Whilst there were global concerns on short selling activities, this concern was well contained in Bursa Malaysia, given that naked short selling is prohibited, save for intraday short selling for Proprietary Day Traders. Bursa Malaysia only permits regulated short selling. Whilst we beefed up monitoring of instances of illegal short selling to a daily basis, we did not notice unusual trends of short selling. Nevertheless, we will continue to exercise vigilance to ensure the continued operation of a fair and orderly market.

In ensuring improved quality of listed issuers and investors' protection in the market place, we continued to be alert to potential breaches of the LR arising from our surveillance activities, complaints received from the public and reports from listed issuers' external auditors. Appropriate enforcement actions were taken for breaches of the LR.

We also monitor financially distressed companies vigilantly to ensure full and regular obligatory disclosures are made and regularisation timeframes are adhered to. Distressed companies that fail to regularise their financial condition within the stipulated timeframe will be subject to delisting. In 2008, five companies were successfully regularised whilst another eight companies were delisted.

## ENFORCEMENT

Bursa Malaysia refers potential and significant contraventions of the CMSA to the SC.

Enforcement of Bursa Malaysia's Business Rules and Listing Requirements are carried out in a fair and consistent manner. During the year, we strengthened our guidelines, improved our processes to ensure expeditious actions and placed greater emphasis on directors' enforcement which resulted in more enforcement actions being taken against directors as compared to listed companies.

Sanctions were imposed for various breaches of the LR against listed issuers, and their directors as shown in the table below. The total number of sanctions was 160 in 2008 and included reprimand and fines amounting to RM1.3 million.

Sanctions Imposed	Public Listed Companies	Directors	Total
Public Reprimand and Fine	1	53	54
Public Reprimand	49	17	66
Private Reprimand	21	19	40
<b>Total Sanctions</b>	<b>71</b>	<b>89</b>	<b>160</b>
<b>Total Fines Imposed (RM)</b>	<b>5,000</b>	<b>1,278,400</b>	<b>1,283,400</b>

Enforcement actions were also instituted against Participants and registered persons for violation of our Business Rules. In 2008, a total of 127 enforcement actions were initiated and completed, with priority given to market offences. These actions encompass caution, reprimand, fines and suspension as presented in the table below and resulted in imposition of fines amounting to RM610,000.

Type of Action Taken	Participating Organisations	Authorised Depository Agents	Derivatives Trading Participants	Derivatives Clearing Participants	Registered Persons	Total
Striking off	-	-	-	-	1	1
Suspension	-	-	-	-	1	1
Reprimand & Fine	5	-	4	-	-	9
Fine	24	3	2	-	14	43
Reprimand	20	9	1	5	12	47
Caution	17	3	4	-	2	26
<b>Total Sanctions</b>	<b>66</b>	<b>15</b>	<b>11</b>	<b>5</b>	<b>30</b>	<b>127</b>
<b>Total Fines Imposed (RM)</b>	<b>363,900</b>	<b>2,300</b>	<b>70,000</b>	<b>-</b>	<b>173,800</b>	<b>610,000</b>

Through these disciplinary enforcement actions, we hope to deter future breaches, educate the market participants, promote a compliant culture and enhance CG practices. All fines collected are segregated and utilised to educate and train Participants, listed companies as well as investors and defray legal or court expenses related to enforcement actions.

## UTILISATION OF FINES INCOME AND TRANSFER FEES

RM'000	Amount
Balance as at 1 January 2008	4,801
Fines collected during 2008:	
■ Fines income received	1,080
■ Transfer fee (transfer of Dealer Representatives between POs)	586
Fines utilised:	
■ Education & training of market participants and investors	(763)
■ Legal expenses relating to enforcement actions	(309)
<b>Balance as at 31 December 2008</b>	<b>5,395</b>

## RULE CHANGES

We are committed to maintaining high standards of regulation through rules that are effective and progressive. Our rules are based on international standards and administered in a fair and consistent manner. We review our regulatory framework regularly, given the ever changing capital market landscape.

Whilst our rules promote market integrity and investor protection, we are mindful to ensure they do not impede market development. We strive to achieve a balance between market development and market regulation, at all times. In this respect, we adopt a consultative approach where we seek market feedback and input for all material rule changes through a public consultation process. This process is essential to ensure that the rules are effective, relevant and serve the intended purpose.

This year, rule changes were made in three broad areas namely:

- introduction of new products, services and infrastructure;
- enhancement to our regulatory framework in the areas of CG and risk management; and
- enhancement to the quality of our market place by improving market expediency, diversity and accessibility

From a listing standpoint, the consolidation of the Main and Second Boards will result in the creation of a Unified Board which enables listing of established companies with strong financial track records. The MESDAQ Market revamp will allow smaller companies to have speedier access to the capital market for capital raising. Our LR are currently being amended to accommodate the changes.

## TECHNOLOGICAL ADVANCEMENT

We also embarked on several IT projects to improve our technological infrastructure. On the surveillance front, we have launched our new Equities Surveillance System or ARAMIS in December in 2008. This replaces our previous surveillance system and was delivered together with our trading platform developed by NYSE Euronext Technology SAS, which also developed our Derivatives Surveillance System. The new surveillance system has stronger analytical capability, sophisticated alerts and can be exported into office applications. It also facilitates a single platform for both equities and derivatives surveillance and therefore, inter market surveillance.

Enhancements were made to our automated minimum financial requirements reporting mechanism or better known as ARMADA system. This involved improving sensitivity in capturing risk arising from volatile price changes to enable a more timely and effective supervision of Participants. Bursa LINK, the platform for announcement of listed issuers' information was also enhanced to facilitate speedier submission of information by listed issuers for dissemination to the market place.

## CUSTOMER FOCUS

Whilst we focus on supervisory activities to ensure that the market operates at high levels of transparency, we also endeavour to provide high service standards to Participants and listed issuers. During the year, we established specific contact liaisons to enhance our service quality to listed companies and Participants. Contact details of dedicated personnel were posted on Bursa Malaysia's website and a pilot telephone line established for enquiries. These have resulted in more effective communication, enabling the listed issuers to resolve queries quickly, improve time to market and promote greater compliance with our rules.

## THE ROAD AHEAD

Against a potential market backdrop of global financial uncertainties coupled with high volatility, we will strive to continuously maintain a fair and orderly market, investor confidence and achieve a balanced regulatory approach. Being agile and responding rapidly to market changes has never been more important.

# Human Capital & Remuneration

Bursa Malaysia's human capital strength stood at 607 employees, comprising of 483 executives and 124 non-executives as at 31 December 2008, with a gender balance of 55% male staff and 45% female staff. The annual turnover for staff based on 2007 and 2008 rates was at 8.6%.

Our key human capital objective is to attract, retain, develop and engage the best talents for sustainable business growth. In achieving this, in 2008 Group Human Resources (GHR) focused on talent management, employee engagement and employee wellness initiatives.

## TALENT MANAGEMENT

- Scholarship Programme
- Management Trainee Programme
- Recruitment & Induction
- Performance Related Pay
- Performance Management
- Employee Training & Development



## EMPLOYEE ENGAGEMENT

- Employee Engagement Survey
- Information Sharing
- Quarterly Breakfast
- CEO Luncheons
- Focus Groups
- Union Relations
- Professional Ethics



## EMPLOYEE WELLNESS

- Annual Dinner
- Staff Performances
- Movie Screenings
- Health Talks
- Gymnasium Orientation
- Health Counseling
- Health Screenings

## TALENT MANAGEMENT

Bursa Malaysia strongly believes in promoting human capability building and favours educational initiatives. Since 2006, the Yayasan Bursa Malaysia scholarship programme has aimed to support and groom future leaders, specifically in the corporate and financial industry, thus contributing to an enhanced workforce. In 2008, Bursa Malaysia presented academic scholarships worth a total of RM216,000 to five deserving and outstanding Malaysian students. The stringent selection process was based on a combination of academic achievements, writing skills, general knowledge of the capital market and globalisation, communication skills as well as motivation, leadership and teamwork.

During the year, Bursa Malaysia actively pursued its close partnerships with various universities and played host to many interns. The Management Trainee programme provided an additional opportunity for top students who had successfully completed their undergraduate studies to work with Bursa Malaysia and, hence, obtain exposure to the securities industry.

As part of our attraction and retention strategy, we have adopted a performance based rewards philosophy. Our rewards programme is designed to support individual excellence, productivity improvement and contribution towards the achievement of organisation objectives. The reward framework is made up of three components consisting of base pay, short-term incentives (STI) such as performance bonus and merit increments, and long-term incentives (LTI) such as employee share options. It is linked to the organisation's values and performance expectations through the Corporate Balanced Scorecard (CBS).

Bursa Malaysia's pay philosophy is positioned at the market 50th percentile for total pay, and at the 75th percentile for high or outstanding performers. The pay structure is reviewed at appropriate intervals to ensure that it is market competitive. A study of Bursa Malaysia's base and variable pay structure for executives was conducted in 2008.

Performance management is a continuous process to evaluate, manage and improve the employees' performance. Performance assessments are conducted by the managers, and input from managers in other areas/divisions and project team members are gathered to get a broad picture about an employee's performance and competency level.

The Exchange recognises that performance management is key to driving excellence within an organisation. As such, in 2008, performance management was identified as one of the five key transformation initiatives supporting the drive for operational excellence. The initial emphasis of the transformation plan for performance management was the roles and responsibilities of line managers in building a culture of performance. In this regard, compulsory workshops were organised for all immediate supervisors to equip them with the necessary knowledge and skills to close gaps identified within various stages in the performance management cycle. For 2009, the emphasis will be on reinforcement and assessment of the effectiveness of performance management and its related processes.

Promoting excellence entails significant investment in developing and enhancing skills and knowledge of employees. In 2008, the focus on people development took the approach of a curriculum style structure. This method provides for a more comprehensive learning and development approach in which both employee and supervisor are able to identify training needs and encourage efforts of learning more effectively.

Bursa Malaysia views succession management as a critical strategic tool for attracting and retaining talent. Succession management enables Bursa Malaysia to ensure that the right people are moving into the right jobs at the right time, and that gaps are being spotted early on. The Performance Management System and 360-degree feedback, the Hogan personality assessment and the Hogan Business Reasoning Inventory ("HBRI") are linked throughout the succession management process and are tools used to place employees into development plans. With this information, both the individuals and their respective supervisors are able to conduct better coaching dialogues that chart their progress throughout the year.

To foster productivity improvements, GHR continued the Performance Improvement Plan in 2008. This is part of an improvement plan that encourages staff to identify appropriate internal and external training programmes as well as informal development opportunities, such as on-the-job learning experiences for performance improvement.

## EMPLOYEE ENGAGEMENT

GHR is committed to create a conducive workplace where our employees feel challenged, supported, trusted, confident and recognised for their achievements. In 2008, we conducted our fifth Employee Engagement Survey. The outcome of the survey was used as a basis to identify the key issues that impact on our employees' engagement, so that we can improve the work environment offered at Bursa Malaysia, and attract and retain the best people. The Exchange strongly supported frequent internal communication during this entire survey process. By informing employees through e-mail, organising employee briefings and feedback sessions, the management actively managed its communications and had the opportunity to respond to staff needs and concerns.

Bursa Malaysia believes that information sharing is vital in creating good engagement of employees. In line with this, in 2008, GHR, continued to organise the "Quarterly Breakfast with CEO", "Lunch with the CEO", and focus group sessions.

Bursa Malaysia focuses on maintaining good and cordial relations with the National Union of Commercial Workers, the representative union for Bursa Malaysia non-executive staff. In April 2008, Bursa Malaysia signed its 7th collective agreement with the union, which will run for three consecutive years (2007-2010).

At Bursa Malaysia, we take integrity and ethics very seriously. Bursa Malaysia's Code of Ethics is strictly enforced, and incorporated into the Employee Handbook. It is also electronically accessible through the Employee Information Site-Intranet and the Bursa Malaysia website. In 2008 the Code of Ethics was updated and programmes conducted for all new recruits to facilitate a complete and thorough understanding of the code and its principles.

## EMPLOYEE WELLNESS

At Bursa Malaysia, our work-life balance programmes aim to create harmony between work and non-work demands. The 2008 annual dinner event was well attended by Bursa Malaysia staff and their spouses, and served as an avenue to strengthen work relationships. In 2008, GHR also organised movie screenings on environment awareness, quarterly lunch health talks, health counseling services and screenings as well as monthly gymnasium orientation.

# Investor Relations

## INVESTOR RELATIONS COMMITMENTS

### 1. Transparency

It is Bursa Malaysia's top priority to be transparent, communicate consistently and engage with our stakeholders. We believe in communicating openly and maintaining good relationships with the investment community through frequent dialogues with analysts, institutional investors and shareholders. Last year, in the course of various road shows and investor conferences, Bursa Malaysia's main spokespeople, the CEO and CFO, assisted by the IR team, spoke with investors on the Company's financial health, development and growth prospects. Another key theme in all such events is the promotion of the Malaysian capital market. To this end, we have tailored our topics of discussion to profile the strength and attractiveness of not only the Company but also the market.

### 2. Sustainability

There has been increasing interest shown by the investment community in sustainability issues, mainly concerning Corporate Social Responsibility (CSR) and CG. To reflect management's commitment in this area, we continue to enhance transparency and accountability in terms of Bursa Malaysia's social and environmental programmes. We also communicate openly about our CG practices, by ensuring investors understand the various internal measures which are in place to safeguard the interests of stakeholders.

## ENGAGING INVESTORS

In total, the Management and IR team met with more than 200 funds managers at road shows and investor conferences in 2008. Countries visited include Singapore, Hong Kong, China, Australia, Japan, US and UK.

Last year, approximately 19 research houses covered Bursa Malaysia. In addition to domestic one-on-one meetings, global road shows and investor conferences, Bursa Malaysia received visits and conference calls from buy and sell side analysts interested in the Company's strategies and developments. To meet the needs of the wider audience, the Company encourages retail shareholders to raise questions directly through our AGM. In this way, we believe we have effectively addressed issues and concerns of a broad audience of investors and have communicated all relevant information in a timely and accurate manner. IR facilitates all feedback, and uses these exchanges to factor concerns into future business initiatives.

## INVESTOR RELATIONS PORTAL

To enhance access and close the gap between the investment community and the Company, the IR team maintains a website portal which can be found on Bursa Malaysia's corporate website.

The address is:

[www.bursamalaysia.com/website/bm/about\\_us/investor\\_relations/ir\\_main.html](http://www.bursamalaysia.com/website/bm/about_us/investor_relations/ir_main.html)

The IR portal, which was enhanced in 2008, is designed as an additional information channel to give our shareholders and for those who seek corporate information, full and timely access. The new features include:

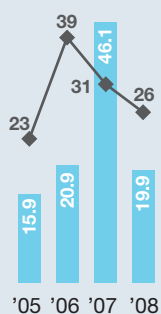
- a share price charting page;
- a return on investment calculator page;
- inclusion of Really Simple Syndication (RSS) feeder in the newsroom as an easy way to update notices/content to information seekers;
- a list of research coverage on the Company; and
- a calendar of IR road shows.

To make it easier to obtain news releases and notifications, all shareholders and interested investors may sign up to the e-mail alert service via the website. They will also be able to download the latest presentations by the Company to keep themselves regularly updated.



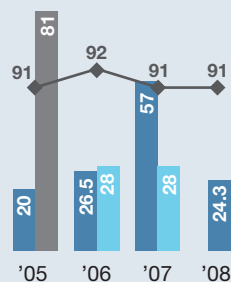
## Bursa Malaysia Stock Data

	2007	2008
Total dividend payment for the year	1) Interim dividend of 32 sen gross 2) Special dividend of 28 sen gross 3) Final dividend of 25 sen gross	1) Interim dividend of 16.5 sen gross 2) Final dividend of 7.8 sen gross
Total shareholders' return for the year	85.4%	(62.7%)



**Earning Per Share & Price-Earnings Ratio**

■ Earnings Per Share (sen)  
◆ Price-Earnings Ratio



**Gross Dividends & Capital Repayment**

■ Ordinary Dividend (Gross) (sen)  
■ Special Dividend (Gross) (sen)  
■ Capital Repayment (sen)  
◆ Payout Ratio (%)

Our public shareholding spread of 53.5% provides a fair level of float and an appropriate level of liquidity for the Company's shares. To protect shareholders' interests, no person can acquire 5% or more of the issued and paid-up share capital of the Company without first gaining approval from the MOF as provided under Section 25 of the CMSA.

# Corporate Social Responsibility

Bursa Malaysia regards CSR as key to sustainability. As a public listed company, we emphasise on CG and concentrate on internal environmental management, community investment and human capital development. Bursa Malaysia remains committed to promoting CSR in PLCs, which are now required to report their CSR activities annually.

Our CG initiatives are described on Pages 58 to 66 and our work place initiatives on Pages 52 to 53 of this annual report, while various other initiatives in 2008 are described below.

## YAYASAN BURSA MALAYSIA

Bursa Malaysia engages with the community through Yayasan Bursa Malaysia. The foundation's scholarship programme is currently into its third cycle. In 2008, scholarships amounting to RM216,000 were awarded to five students undertaking undergraduate courses in local universities.

To date, Yayasan Bursa Malaysia has granted scholarships to 15 excellent students. Upon the completion of their studies, scholarship students will be taken into Bursa Malaysia's management trainee programme for a two year period.

Community investment efforts continued with the well supported annual event, The Edge - Bursa Malaysia Kuala Lumpur Rat Race. This year, Yayasan Bursa Malaysia successfully raised RM1.74 million. The funds were distributed equally amongst 20 charitable organisations, selected on the basis of their commitment to undertake long term projects. Some of the projects which benefited included the setting-up of a laundry service by a hearing-impaired community in Kedah, and the training of skilled care providers for sexually abused children in Kuala Lumpur and Selangor.

Employee volunteerism for community work is encouraged. Apart from the KL Rat Race, Bursa Malaysia also supported other community causes by participating in charity events such as the Terry Fox Run and National Cancer Society's Relay for Life Run.

Bursa Malaysia continued its philanthropic donations to the community according to the Community Investment Guidelines set-up in 2007. The Guidelines highlight that each contribution should aim to directly benefit the community and, wherever possible, be given to grassroots ownership projects.

## ENVIRONMENTAL MANAGEMENT

Bursa Malaysia's internal environmental management continued to focus on water and energy conservation efforts by creating ongoing awareness on the importance of environmental management. Through the monitoring of water usage and other measures, water consumption was reduced by 50% in 2008. Initiatives made in improving landscaping practices, such as introducing protective cover over the soil to retain water, also helped to contribute to our water conservation efforts.

Initiatives to increase employee consciousness on environmental impact included the repeated screenings of the Planet Earth Documentary Series. Added emphasis was created by placing informative posters at strategic locations within the building, acting as an ongoing reminder to staff.

## CSR SURVEY

In April 2008, Bursa Malaysia published the findings of a survey which analysed, according to their disclosures, how Malaysian PLCs are responding to current social and environmental challenges.

200 PLCs were randomly chosen, and the results revealed that leading companies are integrating CSR across their businesses. However, a large majority lacked adequate awareness of CSR concepts and an understanding of how these issues relate to their operations. The better performing companies tend to be either multinationals or companies in 'high-risk' industries. Companies generally appeared to be performing best in the workplace dimension and least well in the environment dimension.

Bursa Malaysia intends to conduct similar surveys from time to time.

## CSR AWARENESS

A dedicated webpage was set up on Bursa Malaysia's website to provide information on CSR, as part of our commitment to raise awareness generally, and especially amongst PLCs. Apart from that, Bursa Malaysia's representatives continue to provide talks, seminars and advice on CSR related matters to the general public.

## FUTURE INITIATIVES

Moving forward, Bursa Malaysia proposes to establish an Environmental, Social and Governance (ESG) policy to ensure we remain relevant and competitive in the face of future challenges.

# Corporate Governance Statement

The purpose of this statement is to provide investors with an insight into the CG practices of the Company under the leadership of the Board. This statement serves as a testament of the Board's conviction that CG is the "way of life" for Bursa Malaysia. It demonstrates the Board's continuous effort to strive for the highest standard of practice throughout the organisation, and also provides compliance with paragraph 15.26 of the LR.

## THE BOARD OF DIRECTORS

### 1. Principal Responsibilities of the Board

The Board has six specific responsibilities, as described below, which have been discharged in the best interests of the Company, with a proper balance between the Company's regulatory and commercial objectives:

#### a. Reviewing and adopting a strategic plan for the Company

The Board plays an active role in the development of the strategy. It has in place a strategy planning process whereby at the end of each year, the Management presents to the Board the strategy for the ensuing year for its approval. This process also includes the Board's review and approval of the annual budget as well as the corporate KPIs and the corresponding targets which are used by the Board for tracking the Company's performance against the targets it has set.

In 2007, the Board engaged external consultants, Mercer Oliver Wyman (MOW), to undertake a detailed review of the capital markets and assist Bursa Malaysia in formulating and mapping its strategies. MOW's findings were used by Management to develop the 2008 Business and Regulatory Plans which were first presented to the Board for review and "challenge" at an offsite meeting in October, and were subsequently, approved in December 2007. A mid-year review of the 2008 Plans was conducted by the Board in July 2008, where the Management presented the status of key initiatives undertaken in the first half of the year as part of the Company's three-year strategic plan.

A similar process was adopted for the development of the 2009 Business and Regulatory Plans.

#### b. Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed

The Board has established a Governance Model for the Group which is supported by the Authority Limits Document (ALD). The ALD sets out clearly the relevant matters which are reserved for the Board's approval, as well as those matters which the Board may delegate to the Board Committees<sup>1</sup>, the CEO and Management. The Governance Model and the ALD are reviewed as and when required to ensure an optimum structure and efficient decision-making in the organisation.

The key matters reserved for the Board's approval include the annual business plan, the business continuity framework, acquisitions and disposals of companies within the Group, disposals of significant fixed assets, expenditures above a certain limit, Group business restructuring, dividend policy and new issues of securities.

Board Committees are entrusted with specific responsibilities to oversee the affairs of the Company, with authority to act on behalf of the Board in accordance with their respective Terms or Reference (TOR). At each Board Meeting, the minutes of the Board Committee meetings are presented to the Board for information. The Chairman of the relevant Board Committee will also report to the Board on the key issues deliberated by the Board Committee at its meeting.

The CEO is responsible for the day-to-day management of the business and operations of the Group for its regulatory and commercial functions. He is supported by the Management team, as set out on pages 25 to 27 of the Annual Report. The CEO provides the Board with a monthly status report which includes a detailed summary of the Group's operating drivers and financial performance for the period as well as updates on key strategic initiatives and significant operational issues.

<sup>1</sup> The Board Committees comprise four Governance Committees and four Regulatory Committees as set out in the Governance Model of Bursa Malaysia on page 80 of the Annual Report. The TOR and composition of each Board Committee is available at [www.bursamalaysia.com](http://www.bursamalaysia.com).

As a measure to ensure the independence of the regulatory function, the CRO provides the Board with a separate status report on a regular basis, to inform the Board on actions taken by the Regulation Group and provide updates on regulatory initiatives. In March 2008, the Board also reviewed the Annual Regulatory Report 2007 before the report was submitted to SC.

In addition, the Board reviewed the findings of the 2007 Customer Satisfaction Survey conducted by an external research firm, Synovate. The survey determined the level of satisfaction among Bursa Malaysia's external stakeholders, covering areas such as quality of business process, overall image and value, and is designed to assist the Company's performance improvement.

**c. Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks**

Through the Risk Management Committee (RMC), the Board oversees the Enterprise Risk Management (ERM) framework of the Group. The RMC advises the Audit Committee (AC) and the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The RMC reviews the risk management policies formulated by Management and makes relevant recommendations to the Board for approval. Further details on the RMC and the Company's ERM framework are set out on pages 69 to 71 of the Annual Report.

**d. Succession planning including appointing, training, fixing of compensation and, where appropriate, replacing senior management**

The Board has entrusted the Nomination and Remuneration Committee (NRC) with the responsibility to recommend candidates for appointment to the Board, Board Committees and key management positions, to determine compensation packages for these appointments, and to formulate the nomination, selection, compensation and succession policies for the Company.

The NRC also reviews the progress of succession planning to ensure there is a pipeline of potential leaders in Bursa Malaysia that provides continuity in the strategic and tactical functioning of the organisation.

The NRC undertakes yearly evaluation of the performance of key management personnel (except for the Head of Group IA) whose remuneration is directly linked to performance. For this purpose, the 2007 CBS and KPIs results of the CEO and relevant senior management were reviewed by NRC in January 2008. The Head of Group IA reports to the AC, and his performance evaluation is reviewed and determined by the AC Chairman. The CEO's compensation package is reviewed by the NRC and recommended to the Board for decision.

The Option Committee (OC) which comprises the same members as the NRC, approves the number of Employees' Share Option Scheme (ESOS) options for vesting each year to the employees based on their respective performance evaluation rating, and also recommends to the Board for approval the proposed vesting for CEO.

**e. Developing and implementing an investor relations programme or shareholder communications policy for the Company**

In September 2008, the Board approved a revised IR Policy which is available on Bursa Malaysia's website. A report on the Company's IR activities appears on pages 54 to 55 of the Annual Report.

**f. Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines**

The Board is ultimately responsible for the adequacy and integrity of the Company's internal control system. The details on the Company's internal control system and the review of its effectiveness are set out in the Internal Control Statement and Risk Management Statement on pages 67 to 68 and pages 69 to 71 of the Annual Report respectively.

## **2. Constituting an Effective Board**

**a. Board Balance and Independence**

The Board of Bursa Malaysia comprises 13 Directors. Four directors are PIDs, eight are Independent NEDs and one Executive Director, who is also the CEO. The four PIDs are appointed by MOF in line with the requirements under the CMSA for the Company to act in the public interest, having particular regard to the need for the protection of investors in performing its duties as an exchange holding company. In addition, the PIDs and Independent NEDs are all independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement. Directors contributed greatly to the Company through their business acumen, a wide range of functional knowledge and skills from their long-standing experience. They are drawn from differing backgrounds such as accountancy, law, public policy, regulation, business, stockbroking and risk management. The profile of each Director is set out in the Board of Directors' Profile on pages 18 to 24 of the Annual Report.

The Board is satisfied with its existing number and composition. It is also of the view that it has the right mix of skills, experience and strength in qualities which are relevant to enable the Board to carry out its responsibilities in an effective and competent manner.

In the organisation, the Chairman, who is a PID, leads the Board to ensure its effectiveness while the CEO is responsible for the competent and efficient management of the business and operations of the Company. The distinct and separate roles of the Chairman and CEO, with a clear division of responsibilities, ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.

As at 31 December 2008, the Company has more than 50% public shareholding. None of the Directors are nominees of the Company's substantial shareholders, and the Company does not have any "significant shareholders" as defined under the CG Code<sup>2</sup>. In view of the composition of the Board and the calibre, expertise and experience of the Directors, the interests of investors including the Company's minority shareholders and the public are adequately protected and advanced.

The Board has reviewed the need for the appointment of a Senior Independent NED and decided it is unnecessary. In arriving at this decision, the Board considered various factors, including its ability to act independently and objectively due to its unique composition and the fact that the Chairman, who is a PID, demonstrates sufficient objectivity in leading the Board. In addition, it was recognised that the Board dynamics are healthy and decisions are arrived at after energetic participation in open debate by the Directors. The existing structure is considered adequate to enable any concern on the Company to be conveyed or channelled to the Board for its deliberation. In this respect, shareholders or general investors who do not wish to go through the normal channels of contact with the Company (i.e. the Chairman, CEO or the CCCB), may direct their concerns to the Independent NEDs of the Company at [INED@bursamalaysia.com](mailto:INED@bursamalaysia.com).

<sup>2</sup> Under the CG Code, a "significant shareholder" is defined as a shareholder with the ability to exercise a majority of votes for the election of directors. CMDF and MOF Inc, being the largest shareholders in Bursa Malaysia as at 31 December 2008 have equal shareholdings in the Company. Details of their shareholdings are set out in Statistics of Shareholdings as at 30 January 2009 on page 150 of the Annual Report.

### 3. Board Structures and Procedures

#### a. Board and Board Committee Meetings

The Directors' attendance for the 19 Board meetings held in 2008 was as follows:

<u>Name of Directors</u>	<u>Attendance</u>
Tun Mohamed Dzaidin bin Haji Abdullah (Chairman)	19/19
Dato' Abdul Latif bin Abdullah	15/19
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	19/19
Dato' Tajuddin bin Atan <sup>3</sup>	6/9
Datuk Azman bin Abdul Rashid <sup>4</sup>	11/11
Datin Paduka Siti Sa'diah binti Sheikh Bakir	15/19
Dato' Dr. Thillainathan a/l Ramasamy	19/19
Dato' Sri Abdul Wahid bin Omar	18/19
Izham bin Yusoff	18/19
Dato' Wong Puan Wah @ Wong Sulong	19/19
Cheah Tek Kuang	16/19
Dato' Saiful Bahri bin Zainuddin <sup>5</sup>	11/13
Ong Leong Huat @ Wong Joo Hwa <sup>6</sup>	12/13
Dato' Seri Hwang Sing Lue <sup>7</sup>	4/4
Peter Leong Tuck Leng <sup>8</sup>	6/6
Dato' Yusli bin Mohamed Yusoff (CEO)	19/19

<sup>3</sup> appointed as a PID on 14 July 2008

<sup>4</sup> ceased to be a PID w.e.f. 23 July 2008

<sup>5</sup> appointed as Independent NED on 27 June 2008

<sup>6</sup> appointed as Independent NED on 27 June 2008

<sup>7</sup> retired as Non-Independent NED w.e.f. 3 April 2008

<sup>8</sup> resigned as Non-Independent NED w.e.f. 30 April 2008

In 2008, there were two NEDs meetings led by the Chairman of the Board, to discuss corporate and organisational issues with a view to enhancing the overall effectiveness of the Board. The issues raised during the NEDs meetings were communicated to the CEO for his necessary action and management's continuous improvement.

The Board annual meeting calendar is prepared and circulated to Directors before the beginning of each year. The calendar provides the scheduled dates for meetings of the Board, Board Committees and shareholders, major conferences hosted by the Company as well as the closed period for dealings in securities by Directors and principal officers. The agenda of each Board Meeting is finalised by the Chairman. Meeting papers are prepared by Management in accordance

with an existing agreed format which provides relevant facts and analysis. The agenda and papers for meetings are furnished to Directors and Board Committee members in advance to enable them to prepare for the meetings. At Board meetings, the Management presents the papers, and consultants may be invited to provide further insight. The Chairman encourages constructive, healthy debate, and Directors are given the chance to freely express their views. Any Director/Board Committee member who has a direct or deemed interest in the subject matter to be deliberated shall abstain from deliberation and voting on the same during the meeting.

The Company Secretary ensures there is a quorum for all meetings and that such meetings are convened in accordance with the relevant TORs. The minutes prepared by the Company Secretary memorialise the proceedings of all meetings including pertinent issues, the substance of inquiries and responses, members' suggestions and the decisions made. This reflects the fulfillment of the Board's fiduciary duties and the significant oversight role performed by the respective Board Committees.

#### b. Supply of and Access to Information

The Directors have individual and independent access to the advice and services of the Company Secretary in ensuring the effective functioning of the Board. The Directors may seek advice from the senior management on issues under their respective purview. The Directors may also interact directly with, or request further explanations, information or updates on any aspect of the Company's operations or business concerns from the Management. In addition, the Board may further seek independent professional advice at the Company's expense on specific issues to enable the Board to discharge its duties in relation to the matters being deliberated. Individual Directors may also obtain independent professional or other advice in furtherance of their duties, subject to approval by the Chairman or the Board, depending on the quantum of the fees involved.

## c. Board Effectiveness Evaluation

The Board has entrusted the NRC with the responsibility for carrying out the annual BEE. The assessment covers Board effectiveness in the areas of its composition, size, conduct, administration, accountability and responsibility. The BEE also includes the Directors' self/peer assessment which is intended to evaluate the mix of skills, experience and other relevant qualities the NEDs should bring to the Board. Each year, the NRC considers the scope and manner to carry out the BEE exercise. The NRC reviews the outcome of the BEE, recommends to the Board action plans for improvement and follows up on the action plans.

The two previous BEE exercises, which included a 360° assessment of the Board, were conducted in-house by the Company Secretary. In 2008, an external consultant, PricewaterhouseCoopers Advisory Services Sdn Bhd (PwCAS), was engaged to carry out the BEE. The exercise covered the Board and Board Committee's self and peer evaluation process which was conducted via questionnaires, and the interview of Directors for validation of evaluation results. There was also an independent review of internal documents and processes, leading to the development of the Board Performance Improvement Programme (BPIP). The Board deliberated on the findings and recommendations by PwCAS in the BPIP, and the NRC is attending to the actions required by the Board for its overall improvement.

## d. Training of Directors

The Company provides a dedicated training budget for Directors' continuing education. Relevant training programmes are arranged by the Company Secretary. The Directors may also request to attend additional training courses according to their individual needs as a director or member of Board Committees on which they serve. In 2008, all Directors attended development and training programmes, the details of which are set out on pages 147 to 149 of the Annual Report. The three newly appointed Directors have also attended an induction programme organised by the Company to familiarise them with the Group's business and governance. They were provided with a Directors' manual which contains various documents including the Group

Governance Model. A briefing session was also held for the newly appointed member of the AC and RMC by the Head of Group IA and the Head of Corporate Risk Management, respectively. An offsite session was held for the newly appointed LC members, to familiarise them with the regulatory process.

## 4. Appointments to the Board and Board Committees

### a. Appointments to the Board

The NRC, which comprises two PIDs and three Independent NEDs, has the responsibility to make recommendations to the Board for the appointment of Directors other than PIDs. As part of this process, the NRC formulates the nomination and selection policies for the Board, and reviews candidates for appointment as Directors based on criteria such as their qualifications, skills, functional knowledge, experience, character, integrity, professionalism and background. The NRC also evaluates the candidate's ability to discharge his responsibilities as expected from an Independent NED and whether the test of independence under the LR is satisfied, taking into account his character, integrity and professionalism.

In 2008, the NRC reviewed the proposed appointment of two candidates, Dato' Saiful Bahri bin Zainuddin and Encik Ong Leong Huat @ Wong Joo Hwa and recommended their appointment to the Board as Independent NEDs. The Board subsequently, approved and the concurrence of SC was obtained in accordance with Section 10(1)(b) of the CMSA. The NRC also recommended to the Board the redesignation of Encik Cheah Tek Kuang from a Non-Independent NED to an Independent NED, after conducting a thorough evaluation of the Director. The Board approved the recommendation of NRC on the redesignation.



Pursuant to Section 10(1)(a) of the CMSA, one-third of the Board shall be appointed by MOF in consultation with the SC, to be PIDs for a period specified by MOF. In 2008, the terms of appointment of three PIDs were extended for a further two years. Also, a new PID, Dato' Tajuddin bin Atan, was appointed for a two-year term to replace Datuk Azman bin Abdul Rashid whose term of appointment expired on 22 July 2008.

Additionally, any shareholder may propose a candidate for directorship subject to Article 71 of the AA. The appointment or election of a candidate for directorship proposed by a shareholder will be put to vote at a general meeting and be subject to the SC's approval.

#### **b. Appointments to the Board Committees**

The NRC is responsible for reviewing candidates for appointment to the Board Committees, and makes recommendations to the Board for approval. The review is conducted on an annual basis. The NRC also reviews candidates at other times when the need arises, such as when a new Director is appointed or when the Board establishes an ad-hoc Board Committee.

#### **5. Re-election of Directors**

Pursuant to Article 69 of the AA, an election of Directors other than the PID, shall take place each year at the AGM of the Company where one-third of the Directors who are longest in office shall retire and, if eligible, may offer themselves for re-election. The NRC is also responsible for making recommendation to the Board on the re-election of Directors through this process of retirement by rotation in accordance with the provisions of the AA. In accordance with this process, at the 31st AGM held on 3 April 2008, four Directors retired by rotation and were re-elected to the Board by the shareholders.

Pursuant to Section 129 of the CA, a Director who is over 70 years of age must retire at the AGM of the Company, and may be reappointed by shareholders with not less than a three-fourth majority. At the 31st AGM, Tun Mohamed Dzaiddin bin Haji Abdullah, a PID was reappointed pursuant to this provision.

### **DIRECTORS' REMUNERATION**

#### **1. Level and Make-up of Remuneration**

The current remuneration policy for the NEDs comprises the following:

##### **a. Directors' fees**

RM60,000 per annum for the Chairman and RM40,000 per annum for each NED subject to shareholders' approval. Fees in line with this scale in respect of FY2007 were approved by the shareholders at the 31st AGM.

##### **b. Meeting allowance for each Board or Board Committee<sup>9</sup> meeting attended by a NED**

- RM3,000 for the Chairman of the Board;
- RM1,500 for the other members of the Board;
- RM1,500 for the Chairman of a Board Committee; and
- RM1,000 for the other members of the Board Committees.

The meeting allowance is also applicable to ad-hoc Board Committees and the Tender Evaluation Committee which the NEDs attend pursuant to the Company's policy and procedures.

<sup>9</sup> Information on the composition, number of meetings held and attendance of meetings of all Board Committees is set out on pages 81 to 82 of the Annual Report.

# Corporate Governance Statement

## c. Benefits-in-kind and emoluments

NEDs are not entitled to participate in the ESOS. They are given other allowances such as travelling and mobile phone allowances comparable to other PLCs, particularly those in the financial sector, GLCs and selected stock exchanges. The Chairman is also given a monthly fixed allowance of RM40,000, in view of the scope of his responsibilities and the fact that he does not serve on the boards of any other PLCs or other market participants regulated by Bursa Malaysia to avoid Conflict of Interest (COI).

The Executive Director/CEO is not entitled to the above Director's fee nor is he entitled to receive any meeting allowance for the Board and Board Committee meetings he attends. The CEO's remuneration package comprises a monthly salary and other benefits/emoluments.

In addition to the above, the Directors have the benefit of the Directors and Officers (D&O) Insurance in respect of liabilities arising from their acts committed in the capacity as D&O of Bursa Malaysia. However, the said insurance policy does not indemnify a Director or principal officer if he is proven to have acted negligently, fraudulently or dishonestly, or in breach of duty or trust. The Directors and principal officers are required to contribute jointly to the premium of the D&O Policy.

## 2. Procedure for Approving Board Remuneration

The NRC is responsible for reviewing the remuneration of the NEDs and the Executive Director/CEO, and makes recommendations on the same to the Board for approval. In 2008, the NRC engaged PwCAS to carry out a review of Board remuneration in conjunction with the BEE exercise. In the review, it was found that the Board's remuneration practices are generally competitive or on par with other companies, although a few areas are lower than market practice. Notwithstanding the PwCAS findings, the NRC recommended that the existing remuneration policy remain unchanged, given the unfavourable market conditions. The Board approved the NRC's recommendation.

The CEO's remuneration package is linked to the performance of CBS and KPIs results for the previous year. In the evaluation, NRC considers four perspectives: financial, customer, internal process, and learning and growth. The CEO abstained from deliberation on his remuneration at the Board meeting.

## 3. Disclosure of Board Remuneration

Disclosure of each Director's remuneration is set out in the Annual Audited Financial Statements on pages 109 to 110 of the Annual Report.

## SHAREHOLDERS

### 1. Dialogue Between Company and Investors

Bursa Malaysia communicates regularly with shareholders and investors through the annual report, quarterly financial reports and various announcements made via Bursa LINK. Financial and market statistics and press releases are placed on Bursa Malaysia's website to keep shareholders and investors informed on the Group's performance and operations. Analyst briefings are held twice a year, in connection with the half yearly and annual financial results, following announcements via Bursa LINK to ensure fair dissemination to the public generally. Bursa Malaysia has established a CCCB<sup>10</sup> to better serve the investing public as described on page 44 of the Annual Report. A detailed report on Investor Relations appears on pages 54 to 55 of the Annual Report.

<sup>10</sup> Contact details are set out in the Corporate Information on page 83 of the Annual Report.

## 2. Annual General Meeting

Although the AGM is mandated as an occasion for shareholders, the Chairman allowed representatives of the media to attend the 31st AGM. 11 out of 13 Directors were present to account to the shareholders for their stewardship of the Company. The proceeding of the 31st AGM included the CEO's presentation of the Company's operating and financial performance for 2007, the presentation of the unqualified external auditors' report to the shareholders, and a Q&A session in which the Chairman invited shareholders to raise questions on the Company's accounts and other items for adoption at the meeting, before putting a resolution to vote. The CEO also shared with the meeting the responses to the questions submitted in advance by the MSWG.

Shareholders were also invited to drop questions in an Enquiry Box placed at the venue so that they might be responded to in writing after the meeting. All NEDs abstained from voting on the resolution concerning their remuneration. The external auditors were on standby to act as scrutineers, but there was no demand for a poll. The results of all the resolutions set out in the Notice of the 31st AGM were announced on the same day via Bursa LINK, which is accessible on Bursa Malaysia's website.

## ACCOUNTABILITY AND AUDIT

### 1. Financial Reporting

The Board ensures that shareholders are provided with a balanced and meaningful evaluation of the Company's financial performance, its position and its future prospects, through the issuance of Annual Audited Financial Statements and quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with the LR. In this respect, the financial statements are reviewed by AC at its meetings, in the presence of external auditors and IA, before being presented to the Board for approval. The Chairman's Message and CEO's Message on pages 14 to 17 and pages 32 to 45 of the Annual Report provide additional analysis and commentary. The Directors' Responsibility Statement for the Annual Audited Financial Statements of the Company and Group is set out on page 85 of the Annual Report.

### 2. Internal Control

The Company continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments. Details of the Company's internal control system and the framework are set out in the Internal Control Statement together with Risk Management Statement and AC Report on pages 67 to 68, pages 69 to 71 and pages 72 to 75 of the Annual Report respectively.

### 3. Relationship with Auditors

Bursa Malaysia's relationship with its external auditors is primarily maintained through the AC and the Board. The AC has explicit authority to communicate directly with external and internal auditors. The Head of Group IA reports directly to the AC and he is present at all AC meetings together with the relevant members of his staff. The CEO and Management only attend the AC meetings upon invitation. The external auditors did not call for any other meeting with the AC apart from the review of financial statements. The AC holds in camera meetings with the external auditors on Management's cooperation in the audit process, financial reporting, the state of affairs of the IA function and audit issues in relation to appropriate accounting treatment. Three such meetings were held in 2008. Further details on the AC in relation to the external auditors are set out in the AC Report on pages 72 to 75 of the Annual Report.

# Corporate Governance Statement

## OTHER AREAS

### 1. Conflicts of Interest

The Company has a dual status as a business oriented listed entity and as a market regulator. COI may arise, therefore, between Bursa Malaysia's commercial interests and the proper performance of its statutory duties as an exchange holding company. Bursa Malaysia is bound by law to act in the public interest, having regard to the need for investor protection and, where Bursa Malaysia's own or any other interests conflict with the public interest, the latter prevails. The Board has put into place appropriate controls and arrangements to ensure the systematic identification of potential COI and procedures to manage such COI that may arise. In addition, the Company's commercial functions are separate and distinct from the regulatory functions to ensure that these functions operate independently.

In 2008, Bursa Malaysia did not identify any actual COI arising between its commercial interests and the proper performance of its regulatory duties.

### 2. Related Party Transactions

An internal compliance framework exists to ensure that the Company meets its obligations under the LR including obligations in connection with related party transactions. The Board, through the AC, reviews all related party transactions. A Director who has an interest in a transaction must abstain from deliberation and voting on the relevant resolution in respect of such transaction at the Board meeting. A list of the significant related party disclosures between the Company and its subsidiaries, and between the Group and other related parties including relevant senior management for FY2008 is set out on pages 134 to 136 of the Annual Report.

### 3. Code of Ethics

The Company's Codes of Ethics for Directors and employees continues to govern the standards of ethics and good conduct expected from Directors and employees, respectively. The Code of Ethics for Directors, for example, includes principles relating to the Directors' duties, COI and dealings in securities. For employees, the Code of Ethics covers all aspects of the business operations of the Company such as confidentiality of information, dealings in securities, COI, gifts, gratuities or bribes, dishonest conduct, sexual harassment and the Company's whistle-blowing procedures.

### 4. Dealing in Securities

The Board has in place the Guidance for Dealings in Securities for Directors, which sets out the internal process for compliance by Directors when dealing in securities during and outside the closed periods, in accordance with the relevant provisions of the LR. The Guidance also provides that Directors must not deal in securities as long as they are in possession of price-sensitive information. In 2008, the Board decided to further tighten the process so that Directors must not deal in any securities during the closed period unless under exceptional circumstances deemed acceptable by the Chairman of the Board or, in his absence, the AC Chairman. The revised Guidance takes effect from 1 January 2009.

The Securities Transaction Policy for employees was also revised in 2008, to prohibit trading by employees of the Company (including principal officers) during closed periods as a measure to curb insider trading and to avoid COI.

## COMPLIANCE STATEMENT

The Board is satisfied that in 2008 the Company has complied with the best practices of the CG Code save for the appointment of a Senior Independent NED for reasons stated in the last paragraph of point 2 on page 60 of the Annual Report.

# Internal Control Statement

The Board is committed to maintaining a sound system of internal control in the Group and is pleased to provide the following statement, which outlines the nature and scope of internal control of the Group during the FY2008.

## BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's systems of internal control and risk management, and for reviewing the adequacy and integrity of those systems. The system of internal control covers inter alia, governance, risk management, financial, organisational, operational and compliance control. However, the Board recognises that this system is designed to manage, rather than eliminate the risk of non-achievement of the Group's objectives. It, therefore, provides reasonable, but not absolute, assurance against the occurrence of any material misstatement, loss and fraud.

## RISK MANAGEMENT

Risk management is firmly embedded in the Group's management systems. To manage our risk taking activities and ensure that they are aligned with our strategic objectives, our shareholders' expectations and regulatory requirements, Bursa Malaysia has in place an enterprise wide risk management framework to measure, assess, aggregate and manage risks across the organisation. Bursa Malaysia strongly believes that risk management is vital for continued profitability and enhancement of shareholder value. Further information on the Group's risk management activities is highlighted in the Risk Management Statement on pages 69 to 71.

## KEY INTERNAL CONTROL PROCESSES

The Group's internal control system encompasses the following key control processes:

- a. segregation of the Group's regulatory and commercial functions to ensure proper discharge of its regulatory duties;
- b. processes have been established and documented to deal with any possible COI which may arise in the course of Bursa Malaysia performing its commercial as well as regulatory role;
- c. delegation of responsibilities to Board Committees through clearly defined TOR;
- d. an ALD outlining the authority and authorisation limits for management in all aspects of its major business operations;
- e. up to date and formalised documented internal policies, standards and procedures are in place to ensure compliance to internal controls and relevant laws and regulations. Yearly audits by SIRIM in relation to the ISO 9001:2000 Quality Management System (ISO 9001) Over here document management system is one of the key requirements, as well as audits by the Group IA, facilitate in keeping policies, standards and procedures current;
- f. segregation of duties, whereby conflicting tasks are apportioned between different members of staff, to reduce the scope for error and fraud;
- g. regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against strategic plans;
- h. an annual planning and budgetary exercise requiring all divisions to prepare business plans and budgets for the forthcoming year, to be deliberated upon and approved by the Board before implementation;
- i. monthly monitoring and half-yearly review of the Group's performance against budgets with any major variances deliberated by the Board;
- j. a policy on the External Auditor's independence relating to, inter alia, the requirement for the lead and concurring audit partners to be subject to a five-year rotation with a five-year cooling-off period. Planned statutory audit and non-audit services by External Auditors require prior approval by the AC;

# Internal Control Statement

- k. engagement of External Auditors to conduct a limited review of quarterly financial results;
- l. formal semi-annual and annual appraisals, directed by KPIs, which are based on the CBS approach, to measure staff performance. Training and development programmes are established to ensure that staff are kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives;
- m. a Code of Ethics for all employees which defines the ethical standards and conduct at work required at Bursa Malaysia;
- n. annual on-site regulatory audits by the SC on the Group's operations to ensure compliance with its duties and obligations under the CMSA as well as its salient activities; and
- o. engagement of independent auditors and external consultants to conduct systems review on major new systems to ensure that all due processes are undertaken prior to system implementation. The recently launched BTS was subjected to such a review.

## REVIEW OF THIS STATEMENT

Pursuant to paragraph 15.24 of the LR, the External Auditors have reviewed this Statement and the Risk Management Statement for inclusion in the annual report for FY2008 and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

Additionally, Group IA has reviewed this Statement and reported to the AC that, while it has addressed individual lapses in internal controls during the course of its IA assignments for the year, it has not identified any circumstances which suggest any fundamental deficiencies in the system of internal controls in the Group.

## CONCLUSION

The Board is of the view that the system of internal controls in place for the year under review and up to the date of issuance of the annual report and financial statements is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

# Risk Management Statement

## INTRODUCTION

The Board maintains the overall responsibility for the risk oversight functions within Bursa Malaysia through the RMC chaired by a PID.

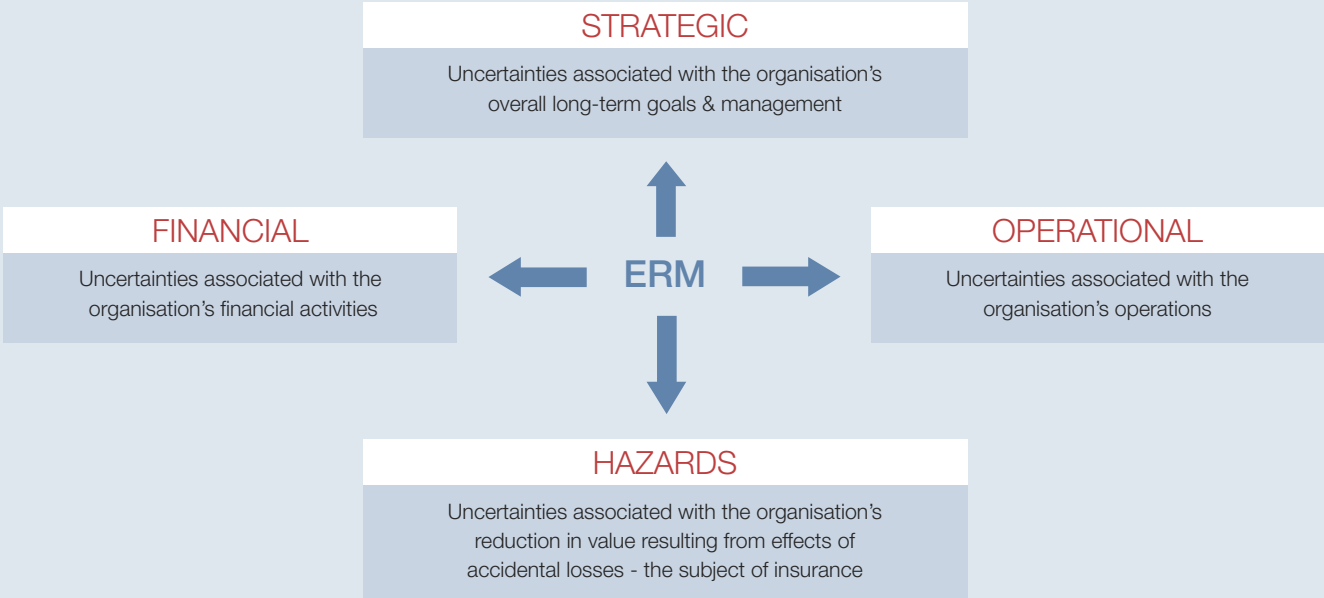
During the year, the RMC has convened four scheduled quarterly meetings. Pursuant to its oversight function to ensure that Bursa Malaysia's risk management process is appropriate and functioning as designed, and that infrastructure, resources and systems are put in place for effective risk management, the RMC reviewed pertinent matters brought to its attention as well as areas of concern raised by the RMC itself, including:

- key projects such as the implementation of BTS;
- key corporate risks and emerging concerns, and the effectiveness of actions taken or being taken by Management;
- selected operational risks and mitigation measures;
- progress of various ERM activities undertaken throughout the organisation; and
- reports on exposures, incidences of major system failures and related business interruptions, liability exposures and actions taken.

## RISK FRAMEWORK & GOVERNANCE STRUCTURE

Bursa Malaysia's ERM framework views the risks of the organisation from four perspectives: Strategic, Financial, Operational and Hazards.

### Bursa Malaysia's Enterprise Risk Management Framework



# Risk Management Statement

Bursa Malaysia's comprehensive risk governance structure establishes clear responsibility for risks and ensures reasonable assurance to the Board that business risks are explicitly identified and managed. It is premised on three lines of defence comprising:

- the risk taking divisions acting as the **'first line of defence'** and have primary responsibility for managing specific risks assumed by them in their day-to-day operations and ensure that controls and processes are consistent with our risk management framework, corporate policies and practices;
- the RMC assisted by the Corporate Risk Management (CRM) Division as the **'second line of defence'** conducts risk oversight and supports the risk policy and framework; and finally
- in the **'third line of defence'**, the AC assisted by Group IA provides assurance for Bursa Malaysia's identification and management of risks, adherence to internal risk management policies and guidelines and compliance with risk-related regulatory requirements.

This risk governance structure also includes a Risk Management Policy approved by the Board. This Policy and subordinate risk management guidelines, procedures and standards are continually reviewed and enhanced to ensure they provide effective governance of our risk-taking activities. Supplementing the above are risk awareness briefings to ensure staff understand the framework, requirements and expectations and possess the requisite knowledge and skills to effectively manage risks. Management also assesses the adequacy of their risk management through "control self assessment" sessions and provide individual assertions to the CEO on their accountability and responsibility for managing risks under their purview.

A web-based ERM System was implemented this year to facilitate and enhance risk reporting and monitoring. Risk Champions, Risk Facilitators and other relevant staff were trained to use the system. Such training on the use of the system for risk reporting purposes will be a continuing process.

## SIGNIFICANT RISKS

Central to the role of the Exchange is the provision of a fair and orderly marketplace for fund raising and investment activities. Accordingly, Bursa Malaysia is focusing its efforts in performing its regulatory duties, managing systemic risks in the market and minimising business interruptions.

In performing its regulatory duties for ensuring a fair and orderly market, acting in the public interest and protecting investor interests, Bursa Malaysia understands and acknowledges that it must have in place, a robust set of regulations and that these need to be enforced with independence and objectivity. To this end, the various regulatory functions were merged during the year and streamlined to form the Regulation Group. The Regulation Group now comprises seven divisions namely Listing, Participants Supervision, Market Surveillance, Corporate Surveillance and Investigation, Enforcement, Regulatory Policy and Advisory, and Regulatory Strategy. In light of the current global financial crisis, the Regulation Group is taking more proactive yet appropriate measures in the regulation of intermediaries, PLCs and the general market. These measures include:

- tightening supervision, and thematic financial and exposure review on high risk brokers;
- strengthening contingency plans to reduce/prevent PO/TP failure;
- continual engagement with PO/TP;
- continual review of policies/rules;
- tightening the monitoring of disclosures by PLCs in key risk areas such as default in payment and the provision of financial assistance;
- analysing the financial health of PLCs and monitoring PLC restructurings;
- managing potential abuses; and
- identifying and taking appropriate actions on possible market manipulation activities.



In managing counterparty/settlement risks where Bursa Malaysia acts as the Clearing House for securities and derivatives trades, and to prevent any systemic impact on the market, Bursa Malaysia continues to employ a robust risk management process comprising:

- margin requirements for derivatives trades;
- risk-based minimum capital requirements on PO/Trading Clearing Participants (TCPs);
- managing credit exposures via price/trading/single client limits, cash flow requirements and provision of a bridging facility; and
- maintenance of the Clearing Guarantee Fund (CGF) and Derivatives Clearing Fund for securities and derivatives trading respectively.

Following the one day equities trading suspension on 3 July 2008, Bursa Malaysia is giving utmost priority to improving its business continuity and disaster recovery (DR) capability. Although mission critical systems at Bursa Malaysia's main site are configured with high availability, we acknowledge that multiple system failures, albeit rare, can happen. When they do, Bursa Malaysia must be able to recover within acceptable timeframes. In response to this situation, the business continuity management function has now been moved from the IT function to the CEO, signalling a change from a purely tactical to a more strategic perspective in business continuity. Bursa Malaysia also conducted an objective review of past system incidents, and analysed people, processes and technology with an objective to holistically address Bursa Malaysia's business continuity. As a result, enhanced disaster recovery processes, improved incident escalation procedures and recovery monitoring tools have been implemented. Enterprise-wide refresher training and rehearsals were conducted on business continuity plans to heighten awareness and preparedness. IT capability development and enhancements are in progress and will be a continuing process. Bursa Malaysia has conducted several DR tests since the 3 July incident to reaffirm our recovery capability for both the SCORE trading system and, importantly, the new BTS system prior to its launch.

## BURSA TRADE SECURITIES

The new BTS system was subjected to intensive internal testing, capacity and disaster recovery testing prior to the launch. Bursa Malaysia conducted seven external user acceptance tests and five disaster recovery tests with market participants including POs, TPs and information vendors, to enable them to familiarise with the new system, new functionalities and ensure connectivity with Bursa Malaysia. The system has also been subject to independent audit to ensure system readiness. Finally, external expertise was engaged to assist in closing pertinent gaps and assisting Bursa Malaysia in the launch of the new system. A communication programme aimed at educating and highlighting inherent risks to stakeholders and the larger market was also initiated and this will continue after the launch, if required. Bursa Malaysia successfully launched the new BTS system in December 2008.

## LOOKING AHEAD

Bursa Malaysia will continue to invest to ensure that comprehensive risk management policies and risk system infrastructure are maintained for the systematic identification, measurement, monitoring and control of all material risks faced by the Group.

All present risk management activities will continue, along with periodic reviews of business processes and assessment of the effectiveness of our risk management practices. Risk management training for employees will be ongoing to ensure their understanding of, and commitment to Bursa Malaysia's risk management processes.

Bursa Malaysia will also continue to conduct business continuity exercises with the industry as well as internally, to test readiness and upgrade our infrastructure and facilities to handle foreseeable disaster or crisis and our ability to effectively resume operations.

# Audit Committee Report

The Board is pleased to present the AC Report for the FY2008.

## COMPOSITION

In line with the CG Code, all five members of the AC are NEDs. Four AC members, including the AC Chairman, are independent NEDs and one of the AC members, who is a PID, also satisfies the test of independence under the LR. The composition of the AC is set out on page 81 of the Annual Report.

Dato' Sri Abdul Wahid bin Omar, the AC Chairman, is a Fellow of the ACCA (UK) and a member of the MIA. In this respect, Bursa Malaysia is in compliance with paragraph 15.10(1)(c)(i) of the LR.

## TERMS OF REFERENCE

### 1. Responsibilities

All the AC members are able to effectively discharge their functions, duties and responsibilities in accordance with the TOR of the AC to support the Board for ensuring CG of Bursa Malaysia Group which include the following:

- a. reviewing the Group's quarterly and annual financial statements focusing particularly on:
  - changes in or implementation of major accounting policy changes;
  - significant and unusual events;
  - significant adjustments arising from the audit;
  - compliance with accounting standards and other legal requirements; and
  - the going concern assumption.
- b. reviewing the External Auditors' audit plan, scope of their audits and audit reports and recommending the appointment of the External Auditors and audit fees;
- c. reviewing any letters of resignation from the External Auditors or suggestions for their dismissal;
- d. determining whether there is reason (supported by grounds) to believe that the External Auditor is not suitable for reappointment;
- e. reviewing the adequacy of the scope, functions, competency and resources of the in-house Group IA function, including whether it has the necessary authority to carry out its responsibilities, together with the Group IA's audit plan, audit reports and follow-up on the recommendations contained in such reports;
- f. taking cognisance of resignations of IA staff members and provide the resigning IA staff member an opportunity to submit his reasons for resigning upon receipt of such notice of resignation;
- g. reviewing the appraisal or assessment of the performance of members of the IA function which is headed by the Head of Group IA who will be responsible for the regular review and/or appraisal of the effectiveness of the risk management, internal control and governance processes within the Group;
- h. reviewing any related party transactions and conflict of interest situations that may arise including any transaction, procedure or course of conduct that raises a question of management integrity;
- i. verifying the allocation of options pursuant to the ESOS at the end of each FY as being in compliance with the criteria which are disclosed to the employees;
- j. reviewing the annual Internal Control Statement to be published in the Annual Report;
- k. assessing processes and procedures for the purpose of compliance with all laws, regulations and rules, directives and guidelines established by the relevant regulatory bodies;
- l. determining the remit of the IA function which reports directly to the AC. The IA function should be independent of the activities they audit and should be performed with impartiality, proficiency and due professional care; and

- m. carrying out any other function that may be mutually agreed upon by the AC and the Board.

## 2. Authority

The AC shall have the authority to:

- a. approve any appointment or termination of senior staff members of the IA function;
- b. convene meeting with the External Auditors, the Internal Auditors or both excluding the attendance of other directors and employees of the Group, whenever deemed necessary and such meetings with the External Auditors shall be held at least twice a year;
- c. obtain external professional advice and invite persons with relevant experience to attend its meetings, if necessary;
- d. investigate any matter within its TOR, have the resources which it needs to do so, full and unrestricted access to information pertaining to the Group and the Management; and
- e. have direct communication channels with the External Auditors and Internal Auditors, and also to engage the senior management on a continuous basis, such as the Chairman, the CEO and the CFO in order to be kept informed of matters affecting the Group.

## MEETINGS

The AC held seven meetings in 2008 including one special AC meeting. The attendance of the AC members is set out on page 81 of the Annual Report.

All AC meetings were held without the presence of the Management unless their attendance was specifically requested. The Head of Group IA and Departmental Heads of the respective IA functions were present at all AC meetings to present the IA reports to the AC. Relevant management members of the auditee were invited to brief the AC on specific issues arising from unsatisfactory audit ratings.

The partner of the External Auditors attended four AC meetings in 2008 to present the auditors' report on the annual audited financial statements for FY2007 and auditors' review reports on the unaudited quarterly financial statements. The AC also met with the External Auditors on three occasions in 2008 - on 29 January 2008, 16 July 2008 and 21 October 2008 - without the presence of the Executive Director, Management or Internal Auditors, to make enquiries in relation to the Management's cooperation in financial reporting and to make known their views on any matter to the AC or, which in their opinion, should be brought to the AC's attention.

In respect of independent external consultants appointed to review or audit special engagements/projects, these external consultants were invited to attend AC meetings to present their reports.

Deliberations during the AC meetings, including the issues discussed and the rationale for decisions, were recorded. Minutes of AC meetings were tabled for confirmation at the next AC meeting and subsequently distributed to the Board for notation. The AC Chairman presented the AC's recommendation, together with rationale, to the Board for approval of the annual and quarterly financial statements as well as declarations of dividends. The AC Chairman also conveyed to the Board matters of significant concern as and when raised by the External Auditors or Internal Auditors.

## SUMMARY OF ACTIVITIES

The AC's activities during the FY2008 encompassed the following:

- a. In overseeing financial reporting, the AC reviewed the quarterly financial statements for the fourth quarter of FY2007 and the annual audited financial statements for FY2007 at its meeting on 29 January 2008, and the quarterly financial statements for the first, second and third quarters of FY2008 were reviewed at its meetings on 16 April 2008, 16 July 2008 and 21 October 2008 respectively, before recommending the same for the Board's approval;

# Audit Committee Report

- b. On 14 November 2008, the AC reviewed the External Auditors' Audit Planning Memorandum comprising their scope of audit and proposed fees for the statutory audit and review of the Internal Control Statement for FY2008;
- c. The AC deliberated on the External Auditor's report and recommendations regarding opportunities for improvement to internal controls based on observations made in the course of the audit at its meeting on 29 January 2008;
- d. The AC approved the IA's Annual Audit Plan for 2009 at its meeting on 14 November 2008. The Head of Group IA presented to the AC at every AC meeting the Group IA's reports on the status and progress of IA assignments, including the summary of audit reports issued, audit recommendations provided by Internal Auditors and Management's response to these recommendations, plus non-audit assignments, for the purpose of evaluating system readiness on key system development projects, tender evaluation and monitoring employees' dealings in securities;
- e. At the meeting on 16 April 2008, the Head of Group IA presented the post-mortem report for the Annual IA Plan of 2007 which provided an overall indication of the adequacy and effectiveness of security and controls implemented;
- f. On 16 April 2008, the AC reviewed the results of the Group IA's Customer Satisfaction Survey for 2007 which included an analysis of IA's strengths and weaknesses and action plans to improve audit services to IA's customers;
- g. At the meeting on 18 June 2008, the AC deliberated on the Head of Group IA's 2008 Balanced Scorecard and KPIs;
- h. On 14 November 2008, the AC reviewed the annual Internal Control Statement and the Risk Management Statement referred to in the Internal Control Statement to be published in the Annual Report;
- i. The AC considered the verification exercise conducted by Group IA on the ESOS allocation for FY2008 at its meeting on 14 November 2008 to ensure compliance with the criteria as approved by the Option Committee;
- j. At the meetings on 18 June 2008, 16 July 2008 and 21 October 2008, the AC reviewed and deliberated on reports by an independent consultant on the review of the BTS system prior to the launch of the system. On 29 January 2008, the AC reviewed a report by an independent external auditor in relation to the KLCI index problem on 13 August 2007; and
- k. At the meeting on 10 September 2008, the AC considered a report by an independent external auditor on the suspension of Bursa Malaysia's security trading on 3 July 2008 due to a system glitch. The suspension of derivatives trading for all instruments in the morning session on 8 September 2008 was also reviewed by the AC at the same meeting.

## INTERNAL AUDIT FUNCTION

The Board obtains sufficient assurance of the effectiveness of the system of internal control in the Group, through a programme of regular reviews and appraisals conducted by the Group IA, which reports directly to the AC. The AC determines the adequacy of the scope, function and resources of IA function. The Group IA comprises 13 staff; Head of Group IA and four Departmental Heads with two Internal Auditors under each department for the performance of the IA function.

In its endeavour to provide reasonable assurance on the state of internal control in the Group, the IA function carried out its reviews based on the Annual IA Plan for 2008 which was developed using a risk-based approach. The selection of audit assignments was based on the Divisional Risk Profiles of each division which was also mapped to the Corporate Risk Profiles approved by the Board. The main activities of the IA function include:

1. Performing operational audits on the following areas:
  - a. Core Business and Support Services functions of the Group;
  - b. Quarterly stock count of CDS scrip maintained by Bursa Malaysia Depository;
  - c. System administration and support; and
  - d. Reviewing compliance with the Group's Guidelines on Handling COI, where conflict may exist between the interest of the Group and the proper performance of its regulatory duties.
2. Performing IS and IT audits on the following areas:
  - a. Facilities management functions supporting the core application systems of the Group;
  - b. IT project management of the Group;
  - c. Systems development and maintenance of core application systems of the Group; and
  - d. IT related functions supported by third party vendors.
3. Providing assurance and performing compliance review for:
  - a. Tenders and significant procurement exercises;
  - b. System Readiness Review on key system development projects; and
  - c. Monitoring employees' compliance to Securities Transaction Policy
  - d. Undertaking investigations on any suspicion of fraud or operational failures reported to them within the Group.

In addition to the above, the Internal Auditors completed 12 system readiness reviews and also participated in 19 tender reviews as an independent observer. The results of the audits provided in the IA reports were reviewed by the AC. The relevant management of the auditee was responsible for ensuring that corrective actions on reported weaknesses were taken within the required time frame. The Group IA checked with the management of the auditee to ensure that management's corrective action was implemented accordingly and provided update on the status of such action in their IA reports. In this respect, the IA has added value by improving the control process in the organisation.

All IA activities for FY2008 were conducted by the in-house audit team. There were no areas of the IA function which were outsourced.

#### EXTERNAL AUDIT FUNCTION

Apart from performing a planned statutory audit, the External Auditors also provided non-audit services in accordance with the Policy on Auditor's Independence or as approved by the AC based on competitive quotation/tendering of fees and evaluation to determine that such engagement would not impair the independence or objectivity of the External Auditors.

Based on the External Auditors' audit in accordance with applicable Approved Standards on Auditing in Malaysia, the annual financial statements for FY2008 were drawn up to give a true and fair view of the financial position of the Group in accordance with the provisions of the CA and applicable MASB. The performance of the external audit function has been reviewed and assessed based on agreed performance criteria as set out in the external auditors' Audit Planning Memorandum, timeliness and quality of communications, competency and adequacy of resources to achieve the agreed scope of the external audit. Feedback on the conduct of the external audit was obtained from the Management. The AC has recommended the reappointment of the External Auditors for FY2009.

#### The Group IA completed 70 audits in 2008

No. Functional Area	No. of Audits Conducted
1. Core Business functions	22
2. Support Services functions	27
3. IS/IT functions	21
<b>Total</b>	<b>70</b>





# Advantage Progressive

Our market  
offers attractive  
dividend yield

# Corporate Information

## GROUP CORPORATE STRUCTURE



\* Were placed in voluntary winding-up pursuant to Section 254(1)(b) of the Companies Act 1965 on 28 February 2007 and the liquidators were appointed.



# ORGANISATION STRUCTURE



\* The Head of Group Internal Audit reports directly to the Audit Committee

## GOVERNANCE MODEL



# BOARD OF DIRECTORS AND BOARD COMMITTEES

## 1. Governance Committees

Classification	Name	Attendance					note ++ RDC
		AC	IAC	RMC	NRC	OC	
Non-Executive and Public Interest Directors	Tun Mohamed Dzaidin bin Haji Abdullah				8/8	2/3	5/5
	Dato' Abdul Latif bin Abdullah						
	Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego		6/6				
	Dato' Tajuddin bin Atan <sup>1</sup>	3/3		note 2/2	note 2/3	note +	
	Datuk Azman bin Abdul Rashid <sup>2</sup>	4/4		note * 2/2	note * 5/5	note * 2/3	
Independent Non-Executive Directors	Datin Paduka Siti Sa'diah binti Sheikh Bakir		6/6				
	Dato' Dr. Thillainathan a/l Ramasamy	7/7	6/6		8/8	3/3	
	Dato' Sri Abdul Wahid bin Omar	7/7			6/8	3/3	
	Izham bin Yusoff	5/7		4/4	7/8	3/3	
	Dato' Wong Puan Wah @ Wong Sulong			3/4			4/5
	Cheah Tek Kuang	5/7	5/6	3/4			
	Dato' Saiful Bahri bin Zainuddin <sup>3</sup>						note # 1/1
	Ong Leong Huat @ Wong Joo Hwa <sup>4</sup>			note # 3/3			
Non-Independent Non-Executive Directors	Dato' Seri Hwang Sing Lue <sup>5</sup>			1/1			
	Peter Leong Tuck Leng <sup>6</sup>						3/3
Non-Independent Executive Director	Dato' Yusli bin Mohamed Yusoff (CEO)		6/6				5/5
Management	Omar bin Malek Ali Merican (COO)						4/5
	Selvarany Rasiah (CRO)						5/5
Total number of meetings for 2008		7	6	4	8	3	5

■ Chairman  
■ Member  
■ Non-member

<sup>1</sup> appointed on 14 July 2008  
<sup>2</sup> ceased w.e.f. 23 July 2008  
<sup>3</sup> appointed on 27 June 2008  
<sup>4</sup> appointed on 27 June 2008  
<sup>5</sup> retired w.e.f. 3 April 2008  
<sup>6</sup> resigned w.e.f. 30 April 2008

note from 23 July 2008  
 note \* up to 22 July 2008  
 note # from 27 June 2008  
 note + No OC meeting was held between 23 July 2008 and 31 December 2008  
 note ++ dissolved on 4 February 2009

## 2. Regulatory Committees

Classification	Name	LC	MPC	Attendance		CC	APC
				note @ DC	note @ PC		
Non-Executive and Public Interest Directors	Tun Mohamed Dzaiddin bin Haji Abdullah						5/5
	Dato' Abdul Latif bin Abdullah		7/8	4/4		2/2	
	Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego		4/8		3/3	2/2	
	Dato' Tajuddin bin Atan <sup>1</sup>						note 1/1
	Datuk Azman bin Abdul Rashid <sup>2</sup>						note * 4/4
Independent Non-Executive Directors	Datin Paduka Siti Sa'diah binti Sheikh Bakir	11/19			3/3		
	Dato' Dr. Thillainathan a/l Ramasamy	19/19					
	Izham bin Yusoff						5/5
	Dato' Wong Puan Wah @ Wong Sulong	15/19				1/2	
	Cheah Tek Kuang						5/5
	Dato' Saiful Bahri bin Zainuddin <sup>3</sup>		note # 3/7			note # 1/1	
Non-Independent Non-Executive Directors	Ong Leong Huat @ Wong Joo Hwa <sup>4</sup>					note # 0	
	Dato' Seri Hwang Sing Lue <sup>5</sup>				2/2	1/1	
Independent individuals with significant and relevant industry experiences	Peter Leong Tuck Leng <sup>6</sup>	5/5		4/4		1/1	
	Dato' Thomas Lee Mun Lung						5/5
	Izlan bin Izhah						4/5
	Dato' Abdul Hamidy bin Hafiz		note ^ 3/6				
	Tuan Haji Abdul Kadir bin Haji Md. Kassim		note ^ 1/6				
	Datuk Azzat bin Kamaludin		note ^ 5/6				
	Iskander bin Ismail		note ^ 6/6				
	Dato' Mohammed Adnan bin Dato' Shuaib		16/19				
	Dato' Siow Kim Lun		16/19				
	Datuk Oh Chong Peng		note ~ 7/13				
	Dr. Aiman Nariman binti Mohd Sulaiman		note ~ 7/13				
	Wong Chong Wah		note ~ 10/13				
	Sreesanthan a/l Eliathamby		note ~ 9/13				
	Nik Nasyudeen bin Yusoff		note ~ 9/13				
	Gan Kim Khoon		note ~ 13/13				
	Peter Leong Tuck Leng		8/8				
	Datuk Haji Khuthubul Zaman bin Bukhari		5/8	4/4			
	Steven Lai Choon Lim		8/8	2/4			
	Uday Jayaram		6/8	2/4			
	Richard Tong Kooi Keong		3/8		2/3		
	Stephen John Watson Hagger				2/3		
	Selvarajah a/l Sivalingam		7/8				
	Salwah binti Abdul Shukor		8/8				
	Total number of meetings for 2008	19	8	4	3	2	5

Chairman  
 Member  
 Non-member

<sup>1</sup> appointed on 14 July 2008  
<sup>2</sup> ceased w.e.f. 23 July 2008  
<sup>3</sup> appointed on 27 June 2008  
<sup>4</sup> appointed on 27 June 2008  
<sup>5</sup> retired w.e.f. 3 April 2008  
<sup>6</sup> resigned w.e.f. 30 April 2008

note from 23 July 2008  
 note \* up to 22 July 2008  
 note # from 27 June 2008  
 note ^ up to 11 May 2008  
 note ~ from 12 May 2008  
 note @ dissolved on 11 May 2008

## OTHER CORPORATE INFORMATION

### COMPANY SECRETARIES

Yong Hazadurah binti Md. Hashim  
LS 006674

Hong Soo Yong, Suzanne  
MAICSA 7026744

### REGISTERED OFFICE

15th Floor, Exchange Square  
Bukit Kewangan, 50200 Kuala Lumpur  
Tel 03-2034 7000  
Fax 03-2732 6437  
E-mail enquiries@bursamalaysia.com  
Web www.bursamalaysia.com

### FORM OF LEGAL ENTITY

Incorporated on 14 December 1976 as a public company limited by guarantee. Converted to a public company limited by shares on 5 January 2004 pursuant to the Demutualisation (Kuala Lumpur Stock Exchange) Act 2003

### STOCK EXCHANGE LISTING

Listed on Main Board of Bursa Malaysia Securities Berhad on 18 March 2005  
Stock Code: 1818  
Stock Name: BURSA

### CUSTOMER CARE AND COMPLAINT BUREAU

Bursa Malaysia Berhad  
Lower Ground Floor, Exchange Square  
Bukit Kewangan, 50200 Kuala Lumpur  
Tel 03-2732 0067  
Fax 03-2732 5258  
E-mail enquiries@bursamalaysia.com/  
aduan@@bursamalaysia.com

### INVESTOR RELATIONS

Koay Lean Lee  
13th Floor, Exchange Square  
Bukit Kewangan, 50200 Kuala Lumpur  
Tel 03-2034 7306  
Fax 03-2026 3684  
E-mail ir@bursamalaysia.com

### REGISTRAR

Tenaga Koperat Sdn. Bhd. (118401-V)  
Level 17, The Gardens North Tower  
Mid Valley City, Lingkaran Syed Putra  
59200 Kuala Lumpur  
Tel 03-2264 3883  
Fax 03-2282 1886  
E-mail tk@my.tricorglobal.com  
Web www.tricorglobal.com

### AUDITORS

Ernst & Young (AF 0039)  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur

### PRINCIPAL BANKERS

Malayan Banking Berhad (3813-K)  
Menara Maybank  
100, Jalan Tun Perak  
50050 Kuala Lumpur

CIMB Bank Berhad (13491-P)  
5th Floor, Bangunan CIMB  
Jalan Semantan  
Damansara Heights  
50490 Kuala Lumpur

# Financial Calendar

## February09

Announcement of the audited consolidated results for the 4th quarter and financial year ended 31 December 2008.

## April09

32nd Annual General Meeting. Announcement of the consolidated results for the 1st quarter ending 31 March 2009.

## July09

Announcement of the consolidated results for the 2nd quarter ending 30 June 2009.

## October09

Announcement of the consolidated results for the 3rd quarter ending 30 September 2009.

## February10

Announcement of the audited consolidated results for the 4th quarter and financial year ending 31 December 2009.

# Directors’ Responsibility Statement

for the annual audited financial statements

The Directors are required by the CA to prepare financial statements for each financial year which have been made out in accordance with applicable FRSs in Malaysia, and the provisions of the CA and the LR.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

# Directors' Report

For the year ended 31 December 2008

## Directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2008.

## Principal activities

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries.

The principal activities of the subsidiaries are to operate the securities, derivatives and offshore exchanges in Malaysia, its related depository and clearing houses, including the compilation, provision and dissemination of information relating to securities quoted on the exchanges. There have been no significant changes in the nature of these principal activities during the financial year except for the change and commencement of the principal activity of a subsidiary to provide, operate and maintain an electronic trading platform for the bond market as disclosed in Note 15 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit for the year	104,420	234,410

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

## Dividends

The amount of dividends paid by the Company since 31 December 2007 were as follows:

	RM'000
In respect of the financial year ended 31 December 2007, as reported in the Directors' report of that year:	
Final dividend of 25 sen per share less 26 per cent taxation, on 525,061,000 ordinary shares, declared on 3 April 2008 and paid on 30 April 2008	97,136
In respect of the financial year ended 31 December 2008:	
Interim dividend of 16.5 sen per share less 26 per cent taxation, on 525,535,000 ordinary shares, declared on 17 July 2008 and paid on 13 August 2008	64,168
<b>Total dividends paid since 31 December 2007</b>	<b>161,304</b>

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 7.8 sen per share less 25 per cent taxation on 525,886,000 ordinary shares, amounting to a dividend payable of approximately RM30,764,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.



## Directors

The names of the Directors of the Company in office since the date of the last report and as at the date of this report are:

Tun Mohamed Dzaiddin bin Haji Abdullah  
 Dato' Abdul Latif bin Abdullah  
 Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego  
 Datin Paduka Siti Sa'diah binti Sheikh Bakir  
 Dato' Dr. Thillainathan a/l Ramasamy  
 Dato' Sri Abdul Wahid bin Omar  
 Izham bin Yusoff  
 Dato' Wong Puan Wah @ Wong Sulong  
 Cheah Tek Kuang  
 Dato' Yusli bin Mohamed Yusoff  
 Dato' Saiful Bahri bin Zainuddin (appointed on 27 June 2008)  
 Ong Leong Huat @ Wong Joo Hwa (appointed on 27 June 2008)  
 Dato' Tajuddin bin Atan (appointed on 14 July 2008)  
 Dato' Seri Hwang Sing Lue (ceased to be Director on 3 April 2008)  
 Peter Leong Tuck Leng (ceased to be Director on 30 April 2008)  
 Datuk Azman bin Abdul Rashid (ceased to be Director on 23 July 2008)

## Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under ESOS.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

## Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in shares and options over shares in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each				31.12.2008 '000
	1.1.2008 '000	Purchased '000	Options exercised '000	Sold/ transferred '000	
<b>Direct interests</b>					
Tun Mohamed Dzaiddin bin Haji Abdullah	130	10	–	(20)	120
Dato' Abdul Latif bin Abdullah	20	20	–	–	40
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	25	–	–	–	25
Datin Paduka Siti Sa'diah binti Sheikh Bakir	52	–	–	–	52
Dato' Dr. Thillainathan a/l Ramasamy	50	–	–	–	50
Dato' Sri Abdul Wahid bin Omar	10	–	–	–	10
Izham bin Yusoff	10	–	–	–	10
Cheah Tek Kuang	50	–	–	–	50
Dato' Yusli bin Mohamed Yusoff	760	–	289	–	1,049

# Directors' Report

For the year ended 31 December 2008

	Number of ordinary shares of RM0.50 each				
	Spouse 1.1.2008 '000	Child 1.1.2008 '000	Purchased '000	Sold '000	31.12.2008 '000
<b>Indirect interests</b>					
Tun Mohamed Dzaiddin bin Haji Abdullah	-	6	-	-	6
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	-	-	50	-	50
Dato' Dr. Thillainathan a/l Ramasamy	50	-	-	-	50
Cheah Tek Kuang	-	14	-	-	14
Dato' Yusli bin Mohamed Yusoff	105	-	-	-	105

	Number of options over ordinary shares of RM0.50 each			
	1.1.2008 '000	Granted '000	Exercised '000	31.12.2008 '000
Dato' Yusli bin Mohamed Yusoff	4,255	-	(289)	3,966

The remaining 3,966,000 options have not been vested and will be vested based on performance.

Other than the above, the Directors in office at the end of the financial year did not have any interest in shares and options over shares in the Company or its related corporations during the financial year.

## Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM261,825,000 to RM262,943,000 by way of the issuance of 2,237,000 ordinary shares of RM0.50 each for cash, pursuant to the Company's ESOS at exercise prices of between RM2.06 and RM8.82 per ordinary share.

## ESOS

The Bursa Malaysia ESOS is governed by the Bye-Laws approved by the shareholders at an Extraordinary General Meeting held on 11 December 2004. The ESOS was implemented on 9 March 2005 and is to be in force for a period of 5 years from the date of implementation.

The salient terms of the ESOS are as disclosed in Note 27(b) to the financial statements.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 200,000 ordinary shares of RM0.50 each.

The employee who was granted the option to subscribe for more than 200,000 ordinary shares of RM0.50 each during the financial year was Dato' Yusli bin Mohamed Yusoff, as disclosed above.

## Other statutory information

(a) Before the income statements and balance sheets of the Group and of the Company were made out, the Directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount of bad debts written off or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the Directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

#### **Auditors**

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 4 February 2009.

**Tun Mohamed Dzaidin bin Haji Abdullah**

**Dato' Yusli bin Mohamed Yusoff**

# Statement by Directors

Pursuant to Section 169(15) of the Companies Act 1965

We, Tun Mohamed Dzaiddin bin Haji Abdullah and Dato' Yusli bin Mohamed Yusoff, being two of the Directors of Bursa Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 92 to 145 are drawn up in accordance with FRSs and the provisions of the CA in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of the results and the cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 4 February 2009.

**Tun Mohamed Dzaiddin bin Haji Abdullah**

**Dato' Yusli bin Mohamed Yusoff**

# Statutory Declaration

Pursuant to Section 169(16) of the Companies Act 1965

I, Nadzirah binti Abdul Rashid, being the officer primarily responsible for the financial management of Bursa Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 92 to 145 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Nadzirah binti Abdul Rashid at Kuala Lumpur in the Federal Territory on 4 February 2009.

**Nadzirah binti Abdul Rashid**

Before me,

**Tan Boon Chua**  
No. W325  
Commissioner of Oaths  
20th Floor, Bangunan AmBank Group  
No.55, Jalan Raja Chulan  
50200 Kuala Lumpur

# Independent Auditors' Report

to the members of Bursa Malaysia Berhad (Incorporated in Malaysia)

## Report on the financial statements

We have audited the financial statements of Bursa Malaysia Berhad, which comprise the balance sheets as at 31 December 2008 of the Group and of the Company, and the income statements, statements of changes in equity and cash flow statements of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 92 to 145.

### *Directors' responsibility for the financial statements*

The directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2008 and of their financial performance and cash flows for the year then ended.

## Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Act.
- (b) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.
- (c) The auditors' reports on the accounts of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

## Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young  
AF: 0039  
Chartered Accountants

Abdul Rauf bin Rashid  
No. 2305/05/10(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
4 February 2009

# Income Statements

For the year ended 31 December 2008

	Note	2008 RM'000	Group 2007 RM'000	2008 RM'000	Company 2007 RM'000
Operating revenue	3	290,307	443,401	444,377	722,570
Other income	4	41,368	48,567	23,253	20,704
		331,675	491,968	467,630	743,274
Staff costs	5	(85,747)	(85,397)	(85,747)	(85,397)
Depreciation and amortisation	6	(20,529)	(14,034)	(20,484)	(15,827)
Other operating expenses	7	(79,137)	(72,913)	(77,473)	(79,302)
<b>Profit from operations</b>		146,262	319,624	283,926	562,748
Finance costs	9	(635)	(644)	(126)	(132)
<b>Profit before tax</b>		145,627	318,980	283,800	562,616
Income tax expense	10	(41,207)	(78,355)	(49,390)	(161,245)
<b>Profit attributable to equity holders of the Company</b>		104,420	240,625	234,410	401,371
Earnings per share attributable to equity holders of the Company (sen)					
Basic	11(a)	19.9	46.1		
Diluted	11(b)	19.0	43.7		

The accompanying notes form an integral part of the financial statements.

# Balance Sheets

as at 31 December 2008

	Note	2008 RM'000	Group 2007 RM'000	2008 RM'000	Company 2007 RM'000
<b>Assets</b>					
<b>Non-current Assets</b>					
Property, plant and equipment	13	253,722	267,531	253,719	267,531
Computer software	14(a)	91,828	64,541	90,990	64,241
Goodwill	14(b)	44,720	44,720	29,494	29,494
Investment in subsidiaries	15	–	–	168,147	168,147
Other investments	16	47,200	80,580	–	1,600
Staff loans receivable	17	20,578	22,926	19,011	21,190
Deferred tax assets	18	6,357	9,687	–	–
		464,405	489,985	561,361	552,203
<b>Current Assets</b>					
Trade receivables	19	15,496	28,062	1,390	2,232
Other receivables	20	11,598	12,621	8,659	9,518
Due from subsidiaries	21	–	–	19,584	12,632
Tax recoverable		21,203	50	13,070	–
Short term investments	22	72,857	74,953	72,857	74,953
Cash and bank balances	23	1,144,305	841,325	90,394	41,604
		1,265,459	957,011	205,954	140,939
<b>Total Assets</b>		1,729,864	1,446,996	767,315	693,142
<b>Equity and Liabilities</b>					
<b>Equity Attributable to Equity Holders of the Company</b>					
Share capital	24	262,943	261,825	262,943	261,825
Share premium		70,736	65,254	70,736	65,254
Other reserves	25	54,690	52,380	6,369	4,563
Retained earnings	26	343,886	400,770	302,615	229,509
<b>Total Equity</b>		732,255	780,229	642,663	561,151
<b>Non-current Liabilities</b>					
Retirement benefit obligations	27(a)	22,940	20,771	22,940	20,771
Deferred income	28	11,617	2,477	8,847	–
Long term borrowings	29	–	219	–	–
Deferred tax liabilities	18	16,179	4,636	16,029	4,593
Advances from subsidiaries	21	–	–	2,637	25,131
		50,736	28,103	50,453	50,495
<b>Current Liabilities</b>					
Trade payables	30	827,755	503,182	–	–
Other payables	31	79,728	85,661	69,499	74,089
Advances from subsidiaries	21	–	–	4,700	7,010
TCPs contributions to Clearing Guarantee Fund (CGF)	25(e)(i)	10,012	9,011	–	–
CPs contributions to Derivatives Clearing Fund (DCF)	25(e)(ii)	23,733	21,733	–	–
Tax payable		5,426	18,857	–	397
Short term borrowings	29	219	220	–	–
		946,873	638,664	74,199	81,496
<b>Total Liabilities</b>		997,609	666,767	124,652	131,991
<b>Total Equity and Liabilities</b>		1,729,864	1,446,996	767,315	693,142

The accompanying notes form an integral part of the financial statements.

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2008

	Note	Attributable to equity holders of the Company								Minority interest	Total equity	
		Non-distributable						Distributable				
		Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Foreign currency exchange reserve RM'000	Share option reserve RM'000	Clearing Fund reserves RM'000	Retained earnings RM'000			Total RM'000
<b>At 1 January 2007</b>		259,801	51,500	12,600	5,250	(512)	8,269	25,000	447,515	809,423	*	809,423
Effects of reclassification subsequent to exercise of ESOS	38	-	2,718	-	-	-	(2,718)	-	-	-	-	-
Reclassification of DCF	25(e)(ii)/38	-	-	-	-	-	-	5,000	(5,000)	-	-	-
		259,801	54,218	12,600	5,250	(512)	5,551	30,000	442,515	809,423	*	809,423
Issuance of ordinary shares pursuant to ESOS	24	2,024	11,036	-	-	-	(2,276)	-	-	10,784	-	10,784
Issuance of preference shares by a subsidiary		-	-	900	-	-	-	-	-	900	**	900
Foreign currency translation, representing net expense recognised directly in equity		-	-	-	-	(421)	-	-	-	(421)	-	(421)
Share options granted under ESOS	5	-	-	-	-	-	1,288	-	-	1,288	-	1,288
Dividends paid	12	-	-	-	-	-	-	-	(282,370)	(282,370)	-	(282,370)
Profit for the year		-	-	-	-	-	-	-	240,625	240,625	-	240,625
<b>At 31 December 2007</b>		261,825	65,254	13,500	5,250	(933)	4,563	30,000	400,770	780,229	***	780,229
<b>At 1 January 2008</b>		261,825	60,260	13,500	5,250	(933)	9,557	25,000	405,770	780,229	***	780,229
Effects of reclassification subsequent to exercise of ESOS	38	-	4,994	-	-	-	(4,994)	-	-	-	-	-
Reclassification of DCF	25(e)(ii)/38	-	-	-	-	-	-	5,000	(5,000)	-	-	-
		261,825	65,254	13,500	5,250	(933)	4,563	30,000	400,770	780,229	***	780,229
Issuance of ordinary shares pursuant to ESOS	24	1,118	5,482	-	-	-	(1,180)	-	-	5,420	-	5,420
Issuance of preference shares by a subsidiary		-	-	200	-	-	-	-	-	200	****	200
Foreign currency translation, representing net expense recognised directly in equity		-	-	-	-	304	-	-	-	304	-	304
Share options granted under ESOS, net of options lapsed during the year	5	-	-	-	-	-	2,986	-	-	2,986	-	2,986
Dividends paid	12	-	-	-	-	-	-	-	(161,304)	(161,304)	-	(161,304)
Profit for the year		-	-	-	-	-	-	-	104,420	104,420	-	104,420
<b>At 31 December 2008</b>		262,943	70,736	13,700	5,250	(629)	6,369	30,000	343,886	732,255	****	732,255

Note a

Minority interest of the Group relates to subscriptions in the non-cumulative preference shares of RM1 each in Bursa Malaysia Derivatives Berhad (Bursa Malaysia Derivatives), a wholly-owned subsidiary, for registration as TPs, at a subscription price determined by Bursa Malaysia Derivatives. The preference shareholders are not entitled to a refund of any part of the premium paid for the preference shares.

\* Denotes RM79;

\*\* Denotes RM3;

\*\*\* Denotes RM82;

\*\*\*\* Denotes RM1;

\*\*\*\*\* Denotes RM83

The accompanying notes form an integral part of the financial statements.



# Statement of Changes in Equity

For the year ended 31 December 2008

	Note	Share capital RM'000	Non-distributable		Distributable	Total equity RM'000
			Share premium RM'000	Share option reserve RM'000	Retained earnings RM'000	
<b>At 1 January 2007</b>		259,801	51,500	8,269	110,508	430,078
Effects of reclassification subsequent to exercise of ESOS	38	–	2,718	(2,718)	–	–
		259,801	54,218	5,551	110,508	430,078
Issuance of ordinary shares pursuant to ESOS	24	2,024	11,036	(2,276)	–	10,784
Share options granted under ESOS	5	–	–	1,288	–	1,288
Dividends paid	12	–	–	–	(282,370)	(282,370)
Profit for the year		–	–	–	401,371	401,371
<b>At 31 December 2007</b>		261,825	65,254	4,563	229,509	561,151
<b>At 1 January 2008</b>		261,825	60,260	9,557	229,509	561,151
Effects of reclassification subsequent to exercise of ESOS	38	–	4,994	(4,994)	–	–
		261,825	65,254	4,563	229,509	561,151
Issuance of ordinary shares pursuant to ESOS	24	1,118	5,482	(1,180)	–	5,420
Share options granted under ESOS, net of options lapsed during the year	5	–	–	2,986	–	2,986
Dividends paid	12	–	–	–	(161,304)	(161,304)
Profit for the year		–	–	–	234,410	234,410
<b>At 31 December 2008</b>		262,943	70,736	6,369	302,615	642,663

The accompanying notes form an integral part of the financial statements.

# Cash Flow Statements

For the year ended 31 December 2008

	2008 RM'000	Group 2007 RM'000	2008 RM'000	Company 2007 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	145,627	318,980	283,800	562,616
Adjustments for:				
Amortisation of computer software	4,863	2,639	4,818	2,620
Amortisation of premium less accretion of discount	(33)	(81)	-	46
Depreciation	15,666	11,395	15,666	13,207
Grant released	(732)	(354)	(1,025)	-
Gross dividend income	-	-	(265,285)	(555,067)
Impairment loss on investments	2,597	4,535	1,831	-
Impairment loss on investment in a subsidiary	-	-	-	14,570
Increase in retirement benefit obligations	2,603	2,811	2,603	2,811
Interest expense	11	13	-	-
Interest income	(28,859)	(32,678)	(8,372)	(9,991)
Net gain on disposal of investments	(161)	(5,392)	(181)	(4,583)
Net gain on disposal of property, plant and equipment	(34)	-	(34)	-
Net reversal of provision for bad and doubtful debts	(416)	(345)	(500)	(263)
Net unrealised gain on foreign exchange differences	(2)	(23)	-	-
Property, plant and equipment written off	-	757	-	757
Provision for short term accumulating compensated unutilised leave	131	256	131	256
Share options granted under ESOS	2,986	1,288	2,986	1,288
Operating profit before working capital changes	144,247	303,801	36,438	28,267
Decrease in receivables	13,780	4,858	1,720	1,565
Increase in trade margins	350,595	42,837	-	-
(Decrease)/increase in SBL collaterals	(26,020)	41,476	-	-
Increase in TCP contributions to CGF	1,001	462	-	-
Increase in CP contributions to DCF	2,000	4,000	-	-
(Decrease)/increase in other payables	(3,764)	936	(2,407)	2,779
Changes in subsidiaries balances	-	-	(6,952)	3,109
Cash generated from operations	481,839	398,370	28,799	35,720
Retirement benefits paid	(434)	(494)	(434)	(494)
Interest paid	(11)	(13)	-	-
Taxes paid, net of refund	(60,918)	(74,826)	(9,098)	(9,376)
<b>Net cash generated from operating activities</b>	<b>420,476</b>	<b>323,037</b>	<b>19,267</b>	<b>25,850</b>
<b>Cash flows from investing activities</b>				
Interest received	27,404	31,310	7,269	9,359
Proceeds from disposal of investments, net of purchases	33,188	56,858	2,157	24,211
Purchases of property, plant and equipment and computer software, net of proceeds	(36,286)	(24,792)	(35,701)	(24,472)
Staff loans repaid, net of disbursements	3,916	6,475	3,652	5,450
<b>Net cash generated from/(used in) investing activities</b>	<b>28,222</b>	<b>69,851</b>	<b>(22,623)</b>	<b>14,548</b>

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Cash flows from financing activities</b>				
Dividends paid (Note 12)	(161,304)	(282,370)	(161,304)	(282,370)
Dividends received	–	–	222,962	405,199
Grant received	9,872	–	9,872	–
Preference shares issued by a subsidiary	200	900	–	–
Proceeds from exercise of ESOS, net of forfeiture	5,420	10,784	5,420	10,784
Repayment of advances to subsidiaries	–	–	(24,804)	(222,791)
Repayment of borrowings and liability	(219)	(220)	–	–
<b>Net cash (used in)/generated from financing activities</b>	<b>(146,031)</b>	<b>(270,906)</b>	<b>52,146</b>	<b>(89,178)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>302,667</b>	<b>121,982</b>	<b>48,790</b>	<b>(48,780)</b>
Effects of foreign exchange rate changes	313	(430)	–	–
Cash and cash equivalents at beginning of year	841,325	719,773	41,604	90,384
<b>Cash and cash equivalents at end of year</b>	<b>1,144,305</b>	<b>841,325</b>	<b>90,394</b>	<b>41,604</b>

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

31 December 2008

## 1. Corporate information

The Company is a PLC, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 15th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur.

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are to operate the securities, derivatives and offshore exchanges in Malaysia, its related depository and clearing houses, including the compilation, provision and dissemination of information relating to securities quoted on the exchanges. There have been no significant changes in the nature of these principal activities during the financial year except for the change and commencement of the principal activity of a subsidiary to provide, operate and maintain an electronic trading platform for the bond market as disclosed in Note 15 to the financial statements.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 4 February 2009.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis and comply with FRSs and the provisions of the CA in Malaysia. At the beginning of the current financial year, the Group and the Company had adopted revised FRSs and new Interpretations which are mandatory for the Group and the Company for its financial period beginning on 1 January 2008, as described in Note 2.3.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000 or '000), except when otherwise indicated.

### 2.2 Summary of significant accounting policies

#### (a) Subsidiaries and basis of consolidation

##### (i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

##### (ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases. In preparing the consolidated financial statements, intra-group balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

Acquisitions of subsidiaries are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the fair value of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

## (b) Intangible assets

### (i) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### (ii) Other intangible assets

As at the balance sheet date, the Group and the Company's intangible asset, other than goodwill, is computer software.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The useful life of computer software is assessed to be finite. Computer software is amortised on a straight-line basis over five to ten years. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each balance sheet date.

## (c) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Projects-in-progress are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

Building and office lots	2%
Renovations	20%
Office equipment, electrical installation, furniture and fittings	20%
Computers and office automation	10% - 33.33%
Motor vehicles	20%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

# Notes to the Financial Statements

31 December 2008

## **(d) Impairment of non-financial assets**

The carrying amounts of assets, other than deferred tax assets and non-current assets (or disposal groups) held for sale, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time-value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

## **(e) Financial instruments**

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instrument.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends and gains and losses relating to a financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

### **(i) Cash and cash equivalents**

For the purposes of the cash flow statements, cash and cash equivalents include cash on hand and at banks and short term deposits.

### **(ii) Other investments**

Other investments comprise unquoted securities that are acquired and held for yield or capital growth and are usually held to maturity. Other investments are stated at cost adjusted for amortisation of premium net of accretion of discount, where applicable, to maturity dates, less impairment losses. On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

**(iii) Short term investments**

Short term investments comprise unquoted securities which are managed by external fund managers for the purpose of short term capital gains. These unquoted securities are stated at the lower of cost and market value or indicative market value determined on an aggregate basis. Cost is determined on the weighted average basis. Increases and decreases in the carrying amount of short term investments are recognised in the income statement. On disposal of short term investments, the difference between net disposal proceeds and the carrying amount is recognised in the income statement.

**(iv) Receivables**

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts on trade debts which are six months or older, or when recoverability is considered doubtful.

**(v) Payables**

Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

**(vi) SBL collaterals**

Collaterals lodged by borrowers in the form of cash are treated as current liabilities on the balance sheet. Collaterals lodged by borrowers in the form of bank guarantees, letters of credit and approved securities are not reflected as assets and liabilities in the balance sheet.

**(vii) Borrowings**

Borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

**(viii) Equity instruments**

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(f) Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the year, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

**(g) Provisions**

Provisions are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

# Notes to the Financial Statements

31 December 2008

## **(h) Employee benefits**

### **(i) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

### **(ii) Defined contribution plan**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the EPF.

### **(iii) Defined benefit plan**

The Group operates a funded, defined benefit retirement scheme (the Scheme) for its eligible employees. The Scheme was closed to new entrants effective 1 September 2003.

The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value.

Actuarial gains and losses are recognised as income or expense over the expected average remaining working lives of the participating employees when the cumulative unrecognised actuarial gains or losses for the Scheme exceed 10% of the higher of the present value of the defined benefit obligation and the fair value of plan assets. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

The amount recognised in the balance sheet represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any unrecognised actuarial losses and past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

### **(iv) Share-based compensation**

The Bursa Malaysia ESOS, an equity-settled, share-based compensation plan, allows the Group's employees to acquire ordinary shares of the Company. The total fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in the share option reserve within equity over the vesting period and taking into account the probability that the options will vest. The fair value of share options is measured at grant date, taking into account, if any, the market vesting conditions upon which the options were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable on vesting date.

At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable on vesting date. It recognises the impact of revision of original estimates, if any, in the profit or loss, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to equity when the options are exercised.

Following clarification by MICPA on the treatment of ESOS reserve for ESOS exercised, the amount attributable to exercised options previously recognised in equity shall be transferred to share premium. Where options have not been exercised by end of the option period and have expired, the amount attributable to these options shall be transferred to retained earnings.



**(v) Separation benefits**

Separation benefits are payable when employment ceases before the normal retirement date or expiry of employment contract date. The Group recognises separation benefits as a liability and an expense when it is demonstrably committed to cease the employment of current employees according to a detailed plan without possibility of withdrawal. Benefits falling due more than 12 months after balance sheet date are discounted to present value.

**(i) Foreign currencies**

**(i) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in RM, which is also the Company's functional currency.

**(ii) Foreign currency transactions**

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

**(iii) Malaysian subsidiary with foreign currency as its functional currency**

The results and financial position of a subsidiary that has a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;
- Income and expenses for each income statement are translated at average monthly exchange rates, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are taken to the foreign currency exchange reserve within equity.

**(j) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**(i) Trade fees**

Trade fees on securities traded on Bursa Malaysia Securities Berhad and Bursa Malaysia Bonds Sdn. Bhd. are recognised on a trade date basis and trade fees on derivatives contracts traded on Bursa Malaysia Derivatives Berhad are recognised net of rebates on a trade date basis.

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## **(ii) Clearing and ISS fees**

Fees for clearing and settlement between clearing participants for trades in eligible securities transacted on Bursa Malaysia Securities Berhad are recognised in full when services are rendered. Clearing fees on derivatives contracts are recognised net of rebates on clearing date basis.

## **(iii) Fees from depository, information and broker services**

Fees from depository and broker services and income from sale of information and services are recognised when the related services are rendered.

## **(iv) Listing fees**

Initial listing fees for IPO exercises are recognised upon the listing of an applicant. Annual listing fees are recognised on an accrual basis. Additional listing fees are recognised upon the listing of new securities issued by applicants.

## **(v) Participants' fees**

Initial application fees are recognised upon registration/admission into the securities or derivatives markets. Annual subscription fees are recognised on an accrual basis.

## **(vi) SBL fees**

Fees from SBL activities are recognised on an accrual basis.

## **(vii) Other income**

- Accretion of discounts and amortisation of premiums on investments are recognised on an effective yield basis.
- Dividend income is recognised when the right to receive payment is established.
- Fines income is recognised when the right to receive payment is established and when it is probable that economic benefits will flow to the Group.
- Interest income is recognised on an accrual basis using the effective interest method.
- Management fees is recognised when services are rendered.
- Rental income from the letting of office space and equipment are recognised on a straight-line basis over the term of the rental agreement.

## **(k) Deferred income**

Grants are recognised initially at their fair value in the balance sheet as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised as income on a systematic basis over the useful life of the asset.

## **(l) CGF**

Appropriations from the resources of Bursa Malaysia Securities Clearing Sdn. Bhd. to the CGF is segregated from its retained earnings and included in the balance sheet as a designated reserve, as explained in Note 25(e)(i).

Contributions from TCPs in the form of cash are treated as current liabilities on the balance sheet. Contributions from TCPs in the form of bank guarantees are not reflected as assets and liabilities in the balance sheet.

Any amounts paid out of the CGF in the event of a default is recoverable from the defaulting TCP.

### (m) DCF

A certain sum from retained earnings of Bursa Malaysia Derivatives Clearing Berhad for the purpose of the DCF is segregated and shown in the statement of changes in equity as a designated reserve, as explained in Note 25(e)(ii).

Contributions from CPs for the purpose of DCF in the form of cash are treated as current liabilities on the balance sheet.

Any amount charged against Bursa Malaysia Derivatives Clearing Berhad is recognised in the profit or loss when incurred. Any amount charged against contribution from CPs for the purpose of the DCF is offset against the DCF amount in liability.

### (n) Leases

#### (i) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

#### (ii) Operating leases - the Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

#### (iii) Operating leases - the Group as lessor

Assets leased out under operating leases are presented on the balance sheets according to the nature of the assets. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 2.2(j)(vii)). Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### 2.3 Adoption of revised FRSs and Interpretations

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2007 except for the adoption of revised FRSs and Interpretations effective for its financial period beginning on 1 January 2008. These revised FRSs and Interpretations do not have any significant impact on the financial statements of the Group and of the Company.

At the date of authorisation of these financial statements, the following FRSs and Interpretations were issued but not yet effective and have not been applied by the Group and the Company:

FRSs and Interpretations		Effective for financial periods beginning on or after
FRS 4	Insurance Contracts	1 January 2010
FRS 7	Financial Instruments: Disclosures	1 January 2010
FRS 8	Operating Segments	1 July 2009
FRS 139	Financial Instruments: Recognition and Measurement	1 January 2010
IC Interpretation 9	Reassessment of Embedded Derivatives	1 January 2010
IC Interpretation 10	Interim Financial Reporting and Impairment	1 January 2010

The adoption of the above FRSs and Interpretations upon their effective dates are not expected to have any significant impact on the financial statements of the Group and of the Company. The Group and the Company are exempted from disclosing the possible impact, if any, to the financial statements upon its initial application of FRS139.

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## 2.4 Significant accounting estimates

### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

#### (a) Impairment of computer software

The Group determines whether computer software is impaired at least on an annual basis. The Group carried out the impairment test based on a variety of estimation including the value-in-use of the CGUs to which the computer software is allocated to. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of computer software as at the balance sheet date is disclosed in Note 14(a).

#### (b) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the balance sheet date is disclosed in Note 14(b).

#### (c) Depreciation/amortisation of system hardware and software

The cost of system hardware and software (included within computer and office automation and computer software) is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be between five to ten years. These are based on management's policy to review the hardware and software every five and ten years. The useful lives of the previous/current trading systems and information technology equipment and potential technological advancements have also been considered in the estimation of useful lives of these assets. The total carrying amount of computer hardware and software as at the balance sheet date is disclosed in Notes 13 and 14(a).

#### (d) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unused capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying value of recognised tax losses and capital allowances of a subsidiary is RM21,804,000 (2007: RM33,666,000).

### 3. Operating revenue

#### (a) Operating revenue of the Group

	Group	
	2008 RM'000	2007 RM'000
<b>Trading revenue</b>		
<i>Revenue from securities market</i>		
Clearing fees *	111,780	256,614
Trade fees	14,486	27,019
ISS fees	9,721	11,093
Buying-in commissions	846	1,814
	136,833	296,540
<i>Revenue from derivatives market</i>		
Trade fees	29,253	31,706
Clearing fees	9,226	9,439
Guarantee/tender fees	5,079	3,531
	43,558	44,676
<b>Total trading revenue</b>	180,391	341,216
<b>Stable revenue</b>		
Listing fees	36,318	27,082
Depository services	25,467	28,391
Information services	24,822	19,776
Broker services	13,611	15,043
Participants' fees	2,979	3,639
<b>Total stable revenue</b>	103,197	93,931
<b>Other operating income</b>	6,719	8,254
	290,307	443,401

\* Clearing fees of the Group is stated net of the amount payable to the SC of RM27,861,000 (2007: RM59,410,000).

#### (b) Operating revenue of the Company

	Company	
	2008 RM'000	2007 RM'000
Broker services	13,611	15,053
Information services	228	-
Significant income from subsidiaries:		
Dividend income	265,285	555,067
Management fees	161,150	149,760
Lease rental income	3,474	2,058
Commitment fees	600	600
Other operating income	29	32
	444,377	722,570

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## 4. Other income

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Conference fee and exhibition related income	3,786	3,304	3,786	3,304
Fines income	1,152	2,014	–	–
Interest income from:				
Deposits with banks and financial institutions	11,637	13,652	3,060	2,487
Investment securities	7,943	11,292	4,390	6,425
Others	9,279	7,734	922	1,079
Net gain on disposal of investments	161	5,392	181	4,583
Net gain on disposal of property, plant and equipment	34	–	34	–
Rental income	4,638	1,582	4,638	1,582
Miscellaneous income	2,738	3,597	6,242	1,244
	41,368	48,567	23,253	20,704

## 5. Staff costs

	Group and Company	
	2008 RM'000	2007 RM'000
Wages and salaries	52,135	46,701
Bonus	9,381	17,262
Social security contributions	330	311
Contributions to defined contribution plan - EPF	9,664	9,741
Provision for short term accumulating compensated unutilised leave	131	256
Increase in retirement benefit obligations (Note 27(a))	2,603	2,811
Share options granted under ESOS	2,986	1,288
Separation benefits	937	282
Other benefits	7,580	6,745
	85,747	85,397

Included in staff costs of the Group and of the Company is the Executive Director's remuneration of RM1,477,000 (2007: RM1,947,000), as further disclosed in Note 8.

## 6. Depreciation and amortisation

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Depreciation of property, plant and equipment	15,666	11,395	15,666	13,207
Amortisation of computer software	4,863	2,639	4,818	2,620
	20,529	14,034	20,484	15,827

## 7. Other operating expenses

Included in other operating expenses are:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Amortisation of premium less accretion of discount	(33)	(81)	–	46
Auditors' remuneration:				
Statutory audit	220	220	50	55
Non-audit fees	89	130	22	78
Building management costs:				
Office rental	83	102	83	102
Upkeep and maintenance	10,265	9,257	10,257	9,257
Impairment loss on investments	2,597	4,535	1,831	–
Impairment loss on investment in a subsidiary	–	–	–	14,570
IT upkeep and maintenance	15,274	13,421	15,274	13,421
Market development and promotions	17,629	18,119	17,629	18,119
Net loss/(gain) on foreign exchange differences	130	11	91	(54)
Net reversal of provision for bad and doubtful debts	(416)	(345)	(500)	(263)
Non-executive Directors' remuneration (Note 8)	2,337	1,896	2,337	1,896
Operating lease payments	539	539	539	539
Professional fees	11,250	6,820	11,243	6,772
Property, plant and equipment written off	–	757	–	757
Rental of equipment	459	440	459	440

## 8. Directors' remuneration

	Group and Company	
	2008 RM'000	2007 RM'000
<b>Executive Director's remuneration (Note 5)</b>		
Salaries and other emoluments	1,241	1,635
Defined contribution plan - EPF	192	239
	1,433	1,874
Share options granted under ESOS	44	73
Estimated money value of benefits-in-kind	31	21
	1,508	1,968
<b>Non-executive Directors' remuneration (Note 7)</b>		
Fees	486	500
Other emoluments	1,851	1,396
	2,337	1,896
Estimated money value of benefits-in-kind	35	35
	2,372	1,931
	3,880	3,899
Total Directors' remuneration, excluding share options granted under ESOS and benefits-in-kind	3,770	3,770
Share options granted under ESOS and estimated money value of benefits-in-kind	110	129
<b>Total Directors' remuneration, including share options granted under ESOS and benefits-in-kind</b>	<b>3,880</b>	<b>3,899</b>

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Directors' remuneration, including share options granted under ESOS and benefits-in-kind, for the financial year for the individual Directors are as follows:

	2008		2007	
	Directors' fees RM'000	Other allowances*/salaries RM'000	Directors' fees RM'000	Other allowances*/salaries RM'000
Tun Mohamed Dzaiddin bin Haji Abdullah	60	650	60	617
Dato' Abdul Latif bin Abdullah	40	65	40	54
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	40	71	40	64
Dato' Tajuddin bin Atan	19	30	–	–
Datuk Azman bin Abdul Rashid	22	70	40	77
Datin Paduka Siti Sa'diah bt Sheikh Bakir	40	67	40	65
Dato' Dr. Thillainathan a/l Ramasamy	40	105	40	81
Dato' Sri Abdul Wahid bin Omar	40	71	40	60
Izham bin Yusoff	40	468	40	161
Dato' Wong Puan Wah @ Wong Sulong	40	73	40	56
Cheah Tek Kuang	40	63	40	69
Dato' Saiful Bahri bin Zainuddin	21	35	–	–
Ong Leong Huat @ Wong Joo Hwa	21	34	–	–
Dato' Seri Hwang Sing Lue	10	31	40	50
Peter Leong Tuck Leng	13	53	40	77
Dato' Yusli bin Mohamed Yusoff	–	1,508	–	1,968
	486	3,394	500	3,399

\* Other allowances comprise mainly meeting allowances which varied from one Director to another, depending on the number of committees they sit on and the number of meetings attended.

## 9. Finance costs

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Commitment fees	624	631	126	132
Interest expense	11	13	–	–
	635	644	126	132

## 10. Income tax expense

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Income tax</b>				
Current year's provision	27,150	87,050	38,331	160,091
(Over)/under provision of income tax in prior year	(816)	191	(377)	1,102
	26,334	87,241	37,954	161,193
<b>Deferred tax (Note 18)</b>				
Relating to origination and reversal of temporary differences	14,791	(9,508)	11,552	(537)
Relating to changes in tax rates	(217)	(132)	(413)	(160)
Underprovision of deferred tax in prior years	299	754	297	749
	14,873	(8,886)	11,436	52
	41,207	78,355	49,390	161,245



Income tax is calculated at the Malaysian statutory tax rate of 26% (2007: 27%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 25% effective year of assessment 2009 and remains as 25% in subsequent years. The computation of deferred tax as at 31 December 2008 has reflected these changes.

The concessionary income tax rate applicable to subsidiaries with paid up capital of RM2,500,000 (2007: RM2,500,000) and below is 20% on chargeable income of up to RM500,000 (2007: RM500,000). For chargeable income in excess of RM500,000 (2007: RM500,000), the tax rate of 26% (2007: 27%) is applicable. As the subsidiaries do not meet the conditions laid down in Paragraph 2A and 2B of Schedule 1 of the Income Tax Act 1967, they will no longer be taxed at the lower tax rate of 20% on their first RM500,000 chargeable income commencing year of assessment 2009.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Profit before tax	145,627	318,980	283,800	562,616
Taxation at Malaysian statutory tax rate of 26% (2007: 27%)	37,863	86,125	73,788	151,906
Effect of changes in tax rates	(809)	626	(876)	66
Effect of lower tax rate of 20% on chargeable income of up to RM500,000	(30)	(36)	–	–
Effect of lower tax rate of 3% on profit before tax for companies incorporated in Labuan	50	(24)	–	–
Effect of expenses not deductible for tax purposes	4,655	4,585	4,314	7,422
Effect of income not subject to tax	(5)	(508)	(27,756)	–
Effect of utilisation of previously unrecognised tax losses and unused capital allowances	–	(4,057)	–	–
Deferred tax assets recognised during the year in respect of unrecognised losses, unused capital allowances and other provisions	–	(9,301)	–	–
Underprovision of deferred tax in prior years	299	754	297	749
(Over)/underprovision of income tax in prior years	(816)	191	(377)	1,102
Tax expense for the year	41,207	78,355	49,390	161,245

## 11. Earnings per share (EPS)

### (a) Basic EPS

Basic EPS is calculated by dividing profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2008	2007
Profit attributable to equity holders of the Company (RM'000)	104,420	240,625
Weighted average number of ordinary shares in issue ('000)	525,005	521,847
Basic EPS (sen)	19.9	46.1

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## (b) Diluted EPS

For the purpose of calculating diluted EPS, profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees.

	Group	
	2008	2007
Profit attributable to equity holders of the Company (RM'000)	104,420	240,625
Weighted average number of ordinary shares in issue ('000)	525,005	521,847
Effect of dilution of share options ('000)	25,335	28,255
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	550,340	550,102
Diluted EPS (sen)	19.0	43.7

## 12. Dividends

Recognised during the year	Dividends in respect of year		Dividends recognised in year	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Interim dividend</b>				
16.5 sen per share less 26 per cent taxation, on 525,535,000 ordinary shares (net 12.2 sen per share)	64,168	–	64,168	–
32 sen per share less 27 per cent taxation, on 522,714,000 ordinary shares (net 23.4 sen per share)	–	122,106	–	122,106
<b>Special dividend</b>				
28 sen per share less 27 per cent taxation, on 523,287,000 ordinary shares (net 20.4 sen per share)	–	106,960	–	106,960
<b>Final dividend</b>				
14 sen per share less 27 per cent taxation, on 521,564,000 ordinary shares (net 10.2 sen per share)	–	–	–	53,304
25 sen per share less 26 per cent taxation, on 525,061,000 ordinary shares (net 18.5 sen per share)	–	97,136	97,136	–
	64,168	326,202	161,304	282,370

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2008, of 7.8 sen per share less 25 per cent taxation on 525,886,000 ordinary shares, amounting to a dividend payable of approximately RM30,764,000 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2009.

### 13. Property, plant and equipment

Group	Land and buildings (Note a) RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress # RM'000	Total RM'000
<b>At 31 December 2008</b>						
<b>Cost</b>						
<b>At 1 January 2008</b>	315,690	30,234	187,305	1,699	21,933	556,861
Additions	1,424	556	3,361	523	–	5,864
Disposals	–	–	–	(152)	–	(152)
Written off	–	–	(103,116)	–	–	(103,116)
Reclassification	–	–	17,926	–	(21,933)	(4,007)
Exchange differences	10	3	98	3	–	114
<b>At 31 December 2008</b>	<b>317,124</b>	<b>30,793</b>	<b>105,574</b>	<b>2,073</b>	<b>–</b>	<b>455,564</b>
<b>Accumulated depreciation and impairment losses</b>						
<b>At 1 January 2008</b>	90,851	29,247	167,819	1,413	–	289,330
Depreciation charge for the year	7,300	473	7,550	343	–	15,666
Disposals	–	–	–	(152)	–	(152)
Written off	–	–	(103,116)	–	–	(103,116)
Exchange differences	10	3	98	3	–	114
<b>At 31 December 2008</b>	<b>98,161</b>	<b>29,723</b>	<b>72,351</b>	<b>1,607</b>	<b>–</b>	<b>201,842</b>
<b>Net carrying amount at 31 December 2008</b>	<b>218,963</b>	<b>1,070</b>	<b>33,223</b>	<b>466</b>	<b>–</b>	<b>253,722</b>
<b>At 31 December 2007</b>						
<b>Cost</b>						
<b>At 1 January 2007</b>	363,863	29,891	191,627	1,703	24,194	611,278
Additions	5,396	348	3,321	–	6,306	15,371
Disposals	–	–	(12)	–	–	(12)
Written off	(236)	–	(545)	–	(723)	(1,504)
Effects of FRS 117	(53,318)	–	–	–	–	(53,318)
Reclassification (Note 14(a))	–	–	(6,953)	–	(7,844)	(14,797)
Exchange differences	(15)	(5)	(133)	(4)	–	(157)
<b>At 31 December 2007</b>	<b>315,690</b>	<b>30,234</b>	<b>187,305</b>	<b>1,699</b>	<b>21,933</b>	<b>556,861</b>
<b>Accumulated depreciation and impairment losses</b>						
<b>At 1 January 2007</b>	91,546	28,825	164,394	1,172	–	285,937
Depreciation charge for the year	6,154	427	4,569	245	–	11,395
Disposals	–	–	(12)	–	–	(12)
Written off	(236)	–	(511)	–	–	(747)
Effects of FRS 117	(6,598)	–	–	–	–	(6,598)
Reclassification (Note 14(a))	–	–	(489)	–	–	(489)
Exchange differences	(15)	(5)	(132)	(4)	–	(156)
<b>At 31 December 2007</b>	<b>90,851</b>	<b>29,247</b>	<b>167,819</b>	<b>1,413</b>	<b>–</b>	<b>289,330</b>
<b>Net carrying amount at 31 December 2007</b>	<b>224,839</b>	<b>987</b>	<b>19,486</b>	<b>286</b>	<b>21,933</b>	<b>267,531</b>

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Company At 31 December 2008	Land and buildings (Note a) RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress # RM'000	Total RM'000
<b>Cost</b>						
<b>At 1 January 2008</b>	315,459	29,828	172,097	1,519	21,933	540,836
Additions	1,424	556	3,358	523	–	5,861
Disposals	–	–	–	(152)	–	(152)
Written off	–	–	(100,909)	–	–	(100,909)
Reclassification	–	–	17,926	–	(21,933)	(4,007)
<b>At 31 December 2008</b>	<b>316,883</b>	<b>30,384</b>	<b>92,472</b>	<b>1,890</b>	<b>–</b>	<b>441,629</b>
<b>Accumulated depreciation and impairment losses</b>						
<b>At 1 January 2008</b>	90,620	28,841	152,611	1,233	–	273,305
Depreciation charge for the year	7,300	473	7,550	343	–	15,666
Disposals	–	–	–	(152)	–	(152)
Written off	–	–	(100,909)	–	–	(100,909)
<b>At 31 December 2008</b>	<b>97,920</b>	<b>29,314</b>	<b>59,252</b>	<b>1,424</b>	<b>–</b>	<b>187,910</b>
<b>Net carrying amount at 31 December 2008</b>	<b>218,963</b>	<b>1,070</b>	<b>33,220</b>	<b>466</b>	<b>–</b>	<b>253,719</b>

Company At 31 December 2007	Land and buildings (Note a) RM'000	Office equipment, electrical installation, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress # RM'000	Total RM'000
<b>Cost</b>						
<b>At 1 January 2007</b>	362,983	29,458	175,781	1,516	24,194	593,932
Additions	5,396	348	3,321	–	6,306	15,371
Disposals	–	–	(7)	–	–	(7)
Written off	–	–	(64)	–	(723)	(787)
Transferred from subsidiaries	398	22	19	3	–	442
Effects of FRS 117	(53,318)	–	–	–	–	(53,318)
Reclassification (Note 14(a))	–	–	(6,953)	–	(7,844)	(14,797)
<b>At 31 December 2007</b>	<b>315,459</b>	<b>29,828</b>	<b>172,097</b>	<b>1,519</b>	<b>21,933</b>	<b>540,836</b>
<b>Accumulated depreciation and impairment losses</b>						
<b>At 1 January 2007</b>	90,666	28,396	146,735	985	–	266,782
Depreciation charge for the year	6,154	427	6,381	245	–	13,207
Disposals	–	–	(4)	–	–	(4)
Written off	–	–	(30)	–	–	(30)
Transferred from subsidiaries	398	18	18	3	–	437
Effects of FRS 117	(6,598)	–	–	–	–	(6,598)
Reclassification (Note 14(a))	–	–	(489)	–	–	(489)
<b>At 31 December 2007</b>	<b>90,620</b>	<b>28,841</b>	<b>152,611</b>	<b>1,233</b>	<b>–</b>	<b>273,305</b>
<b>Net carrying amount at 31 December 2007</b>	<b>224,839</b>	<b>987</b>	<b>19,486</b>	<b>286</b>	<b>21,933</b>	<b>267,531</b>

(a) Land and buildings

Group At 31 December 2008	Buildings RM'000	Office lots RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2008	285,960	19,862	9,868	315,690
Additions	–	–	1,424	1,424
Exchange differences	–	–	10	10
<b>At 31 December 2008</b>	<b>285,960</b>	<b>19,862</b>	<b>11,302</b>	<b>317,124</b>
<b>Accumulated depreciation and impairment losses</b>				
At 1 January 2008	78,254	8,770	3,827	90,851
Depreciation charge for the year	5,242	281	1,777	7,300
Exchange differences	–	–	10	10
<b>At 31 December 2008</b>	<b>83,496</b>	<b>9,051</b>	<b>5,614</b>	<b>98,161</b>
<b>Net carrying amount at 31 December 2008</b>	<b>202,464</b>	<b>10,811</b>	<b>5,688</b>	<b>218,963</b>

Group At 31 December 2007	Freehold land ~ RM'000	Buildings RM'000	Office lots RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2007	53,318	285,960	19,862	4,723	363,863
Additions	–	–	–	5,396	5,396
Disposals	–	–	–	(236)	(236)
Effects of FRS 117	(53,318)	–	–	–	(53,318)
Exchange differences	–	–	–	(15)	(15)
<b>At 31 December 2007</b>	<b>–</b>	<b>285,960</b>	<b>19,862</b>	<b>9,868</b>	<b>315,690</b>
<b>Accumulated depreciation and impairment losses</b>					
At 1 January 2007	7,271	73,012	8,488	2,775	91,546
Depreciation charge for the year	(673)	5,242	282	1,303	6,154
Written off	–	–	–	(236)	(236)
Effects of FRS 117	(6,598)	–	–	–	(6,598)
Exchange differences	–	–	–	(15)	(15)
<b>At 31 December 2007</b>	<b>–</b>	<b>78,254</b>	<b>8,770</b>	<b>3,827</b>	<b>90,851</b>
<b>Net carrying amount at 31 December 2007</b>	<b>–</b>	<b>207,706</b>	<b>11,092</b>	<b>6,041</b>	<b>224,839</b>

Company At 31 December 2008	Buildings RM'000	Office lots RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2008	285,960	19,862	9,637	315,459
Additions	–	–	1,424	1,424
<b>At 31 December 2008</b>	<b>285,960</b>	<b>19,862</b>	<b>11,061</b>	<b>316,883</b>
<b>Accumulated depreciation and impairment losses</b>				
At 1 January 2008	78,254	8,770	3,596	90,620
Depreciation charge for the year	5,242	281	1,777	7,300
<b>At 31 December 2008</b>	<b>83,496</b>	<b>9,051</b>	<b>5,373</b>	<b>97,920</b>
<b>Net carrying amount at 31 December 2008</b>	<b>202,464</b>	<b>10,811</b>	<b>5,688</b>	<b>218,963</b>

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31 December 2008

Company At 31 December 2007	Freehold land ~ RM'000	Buildings RM'000	Office lots RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>					
<b>At 1 January 2007</b>	53,318	285,960	19,862	3,843	362,983
Additions	–	–	–	5,396	5,396
Transferred from subsidiaries	–	–	–	398	398
Effects of FRS 117	(53,318)	–	–	–	(53,318)
<b>At 31 December 2007</b>	–	285,960	19,862	9,637	315,459
<b>Accumulated depreciation and impairment losses</b>					
<b>At 1 January 2007</b>	7,271	73,012	8,488	1,895	90,666
Depreciation charge for the year	(673)	5,242	282	1,303	6,154
Transferred from subsidiaries	–	–	–	398	398
Effects of FRS 117	(6,598)	–	–	–	(6,598)
<b>At 31 December 2007</b>	–	78,254	8,770	3,596	90,620
<b>Net carrying amount at 31 December 2007</b>	–	207,706	11,092	6,041	224,839

# Projects-in-progress mainly comprise costs of information technology equipment in respect of BTS and ETP.

~ Freehold land of the Group and the Company comprises two pieces of land leased from the Government of Malaysia for a term of 99 years commencing 15 April 1993 and 1 March 1996 respectively. Following the adoption of FRS 117 Leases in the previous financial year, these have been taken off the balance sheet.

## 14. Intangible assets

### (a) Computer software

Group	2008			2007		
	Implemented projects RM'000	Projects-in- progress # RM'000	Total RM'000	Implemented projects RM'000	Projects-in- progress # RM'000	Total RM'000
<b>Cost</b>						
<b>At 1 January</b>	22,100	46,044	68,144	9,192	19,669	28,861
Additions	22,495	5,648	28,143	5,955	18,531	24,486
Reclassification	35,793	(31,786)	4,007	6,953	7,844	14,797
<b>At 31 December</b>	80,388	19,906	100,294	22,100	46,044	68,144
<b>Accumulated amortisation</b>						
<b>At 1 January</b>	3,603	–	3,603	475	–	475
Amortisation charge	4,863	–	4,863	2,639	–	2,639
Reclassification	–	–	–	489	–	489
<b>At 31 December</b>	8,466	–	8,466	3,603	–	3,603
<b>Net carrying amount at 31 December</b>	71,922	19,906	91,828	18,497	46,044	64,541

Company	2008			2007		
	Implemented projects RM'000	Projects-in-progress # RM'000	Total RM'000	Implemented projects RM'000	Projects-in-progress # RM'000	Total RM'000
<b>Cost</b>						
<b>At 1 January</b>	21,781	46,044	67,825	9,192	19,669	28,861
Additions	21,912	5,648	27,560	5,636	18,531	24,167
Reclassification (Note 13)	35,793	(31,786)	4,007	6,953	7,844	14,797
<b>At 31 December</b>	<b>79,486</b>	<b>19,906</b>	<b>99,392</b>	<b>21,781</b>	<b>46,044</b>	<b>67,825</b>
<b>Accumulated amortisation</b>						
<b>At 1 January</b>	3,584	–	3,584	475	–	475
Amortisation charge	4,818	–	4,818	2,620	–	2,620
Reclassification (Note 13)	–	–	–	489	–	489
<b>At 31 December</b>	<b>8,402</b>	<b>–</b>	<b>8,402</b>	<b>3,584</b>	<b>–</b>	<b>3,584</b>
<b>Net carrying amount at 31 December</b>	<b>71,084</b>	<b>19,906</b>	<b>90,990</b>	<b>18,197</b>	<b>46,044</b>	<b>64,241</b>

# Projects-in-progress mainly comprise costs of information technology software and licences in respect of BTS and ETP.

#### (b) Allocation of goodwill

Goodwill is in respect of acquisitions of subsidiaries by the Group and has been allocated to the CGUs in the following market and business segments as follows:

	Group	
	2008 RM'000	2007 RM'000
<b>Market segments</b>		
Cash market	30,843	30,843
Derivatives market	11,447	11,447
Information services	2,430	2,430
	<b>44,720</b>	<b>44,720</b>
<b>Business segments</b>		
Exchanges	40,940	40,940
Clearing, settlement and depository	1,350	1,350
Information services	2,430	2,430
	<b>44,720</b>	<b>44,720</b>

#### (c) Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections extrapolated using growth rates stated below. The key assumptions used for the value-in-use calculations for revenue and expenses for the first five years following the current financial year are described below. No further growth has been assumed for subsequent years.

The following describes the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

##### (i) Budgeted revenue

Revenue was budgeted to grow at the lower of the average growth rate of the CGU since the Company became listed on the Main Board of Bursa Malaysia Securities Berhad and the forecasted Malaysian economic growth rate, except for revenue from the securities market for the first year following the current financial year where no growth has been budgeted due to current uncertainties in the global market.

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## (ii) Budgeted expenses

Expenses were budgeted to grow at the inflation rate.

## (iii) Discount rate

The discount rate used is the Group's weighted average cost of capital for the year.

## Sensitivity to changes in assumptions

Management believes that no reasonable possible changes in any of the key assumptions above would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

## 15. Investments in subsidiaries

	Company	
	2008 RM'000	2007 RM'000
Unquoted shares, at cost	222,557	222,557
Less: Accumulated impairment losses	(54,410)	(54,410)
	168,147	168,147

On 10 March 2008, Bursa Malaysia Bonds Sdn. Bhd. (formerly known as KLOFFE Information Systems Sdn. Bhd.) commenced operations in the business of providing, operating and maintaining an electronic trading platform for the bond market.

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Proportion of ownership interest		Ordinary paid up capital as at 31.12.2008 RM'000	Principal activities
	2008 %	2007 %		
Bursa Malaysia Securities Berhad (Bursa Malaysia Securities)	100	100	25,000	Provide, operate and maintain a securities exchange.
Bursa Malaysia Derivatives Berhad (Bursa Malaysia Derivatives)	100	100	50,000	Provide, operate and maintain a derivatives exchange.
Labuan International Financial Exchange Inc. (LFX)*	100	100	5,500 (in USD'000)	Provide, operate and maintain an offshore financial exchange.
Bursa Malaysia Securities Clearing Sdn. Bhd. (Bursa Malaysia Securities Clearing)	100	100	50,000	Provide, operate and maintain a clearing house for the securities exchange.
Bursa Malaysia Derivatives Clearing Berhad (Bursa Malaysia Derivatives Clearing)	100	100	20,000	Provide, operate and maintain a clearing house for the derivatives exchange.



Name of subsidiaries	Proportion of ownership interest		Ordinary paid up capital as at 31.12.2008 RM'000	Principal activities
	2008 %	2007 %		
Bursa Malaysia Depository Sdn. Bhd. (Bursa Malaysia Depository)	100	100	25,000	Provide, operate and maintain a central depository for securities listed on the securities exchange.
Bursa Malaysia Information Sdn. Bhd. (Bursa Malaysia Information)	100	100	250	Provide and disseminate prices and other information relating to securities quoted on exchanges within the Group.
Bursa Malaysia Property Sdn. Bhd. (Bursa Malaysia Property) (in voluntary liquidation)	100	100	1,000	Dormant.
Bursa Malaysia IT Sdn. Bhd. (Bursa Malaysia IT) (in voluntary liquidation)	100	100	39,998	Dormant.
Bursa Malaysia Depository Nominees Sdn. Bhd. (Bursa Malaysia Depository Nominees)	100	100	~	Act as a nominee for Bursa Malaysia Depository and receive securities on deposit or for safe-custody or management.
Malaysia Monetary Exchange Bhd. (MME) (in voluntary liquidation)	100	100	1,000	Dormant.
Bursa Malaysia Bonds Sdn. Bhd. (Bursa Malaysia Bonds) (formerly known as KLOFFE Information Systems Sdn. Bhd.)	100	100	~	Provide, operate and maintain an electronic trading platform for the bond market.
Commodity and Monetary Exchange of Malaysia (COMMEX) (in voluntary liquidation)	^	^	^	Dormant.

~ Denotes RM2.

\* Incorporated in the Federal Territory of Labuan, Malaysia.

^ COMMEX is a company limited by guarantee. Bursa Malaysia Derivatives and the Company are regarded as COMMEX's immediate and ultimate holding company respectively. Bursa Malaysia Derivatives is the sole member of COMMEX.

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## 16. Other investments

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Unquoted bonds</b>				
At cost	52,933	79,765	–	1,600
Amortisation of premium less accretion of discount	(321)	306	–	–
	52,612	80,071	–	1,600
Accumulated impairment losses	(5,412)	(4,527)	–	–
	47,200	75,544	–	1,600
<b>Malaysian Government Securities</b>				
At cost	–	5,056	–	–
Amortisation of premium less accretion of discount	–	(9)	–	–
	–	5,047	–	–
Accumulated impairment losses	–	(11)	–	–
	–	5,036	–	–
<b>Recreational club memberships</b>				
At cost	25	25	–	–
Accumulated impairment losses	(25)	(25)	–	–
	–	–	–	–
	47,200	80,580	–	1,600

## 17. Staff loans receivable

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Housing loans	21,662	23,868	19,964	21,999
Vehicle loans	243	388	243	382
Computer loans	146	199	143	197
Staff advances	17	34	–	11
	22,068	24,489	20,350	22,589
Less: Portion within 12 months, included in other receivables (Note 20)	(1,490)	(1,563)	(1,339)	(1,399)
	20,578	22,926	19,011	21,190

The staff housing and vehicle loans are secured against the properties and vehicles of the borrowers respectively. The staff loans bear interest of 2% to 4% (2007: 2% to 4%) per annum computed on monthly rest basis.

The maturity structure of the staff loans receivable as at the end of the financial year were as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>Maturity</b>				
Within one year	1,490	1,563	1,339	1,399
More than one year and less than five years	4,103	4,288	3,708	3,896
Five years or more	16,475	18,638	15,303	17,294
	22,068	24,489	20,350	22,589

## 18. Deferred tax assets/(liabilities)

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
<b>At 1 January</b>	5,051	(3,835)	(4,593)	(4,541)
Recognised in income statement (Note 10)	(14,873)	8,886	(11,436)	(52)
<b>At 31 December</b>	(9,822)	5,051	(16,029)	(4,593)

Presented after appropriate offsetting as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deferred tax assets	6,357	9,687	–	–
Deferred tax liabilities	(16,179)	(4,636)	(16,029)	(4,593)
	(9,822)	5,051	(16,029)	(4,593)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting were as follows:

Deferred tax assets of the Group	Provision for retirement benefit RM'000	Other payables RM'000	Provision for doubtful debts RM'000	Depreciation in excess of capital allowances RM'000	Unabsorbed tax losses and unused capital allowances RM'000	Total RM'000
<b>At 1 January 2008</b>	5,194	6,708	1,337	4	8,599	21,842
Recognised in income statement	542	(2,938)	(306)	(3)	(3,148)	(5,853)
<b>At 31 December 2008</b>	5,736	3,770	1,031	1	5,451	15,989
<b>At 1 January 2007</b>	4,799	4,573	1,917	25	–	11,314
Recognised in income statement	395	2,135	(580)	(21)	8,599	10,528
<b>At 31 December 2007</b>	5,194	6,708	1,337	4	8,599	21,842

Deferred tax assets of the Company	Provision for retirement benefit RM'000	Other payables RM'000	Provision for doubtful debts RM'000	Total RM'000
<b>At 1 January 2008</b>	5,194	6,294	667	12,155
Recognised in income statement	542	(2,786)	(279)	(2,523)
<b>At 31 December 2008</b>	5,736	3,508	388	9,632
<b>At 1 January 2007</b>	4,799	4,573	1,236	10,608
Recognised in income statement	395	1,721	(569)	1,547
<b>At 31 December 2007</b>	5,194	6,294	667	12,155

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Deferred tax liabilities of the Group and of the Company	Accelerated capital allowances	
	Group RM'000	Company RM'000
<b>At 1 January 2008</b>	(16,791)	(16,748)
Recognised in income statement	(9,020)	(8,913)
<b>At 31 December 2008</b>	(25,811)	(25,661)
<b>At 1 January 2007</b>	(15,149)	(15,149)
Recognised in income statement	(1,642)	(1,599)
<b>At 31 December 2007</b>	(16,791)	(16,748)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2008 RM'000	2007 RM'000
Unused capital allowances	–	185
Unabsorbed tax losses	–	1,287

The unabsorbed tax losses and unused capital allowances of the Group are available for offsetting against future taxable profits of the respective subsidiaries within the Group, subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967, and guidelines issued by the tax authority. The unabsorbed tax losses and unused capital allowances of subsidiaries which the Company has placed in members' voluntary liquidation, which will not be available for future use following the winding up of these subsidiaries, have not been recognised as deferred tax assets.

## 19. Trade receivables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Trade receivables	18,172	31,833	1,831	3,661
Less: Provision for doubtful debts	(2,676)	(3,771)	(441)	(1,429)
	15,496	28,062	1,390	2,232

The Group's primary exposure to credit risk arises through its trade receivables. The Group seeks to maintain strict control over its outstanding receivables and minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Group's normal trade credit term ranges from seven days to 30 days, except for trade receivables relating to fees due from clearing participants for clearing and settlement services where payment is due three market days from the month end.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single clearing participant or counterparty.

Trade receivables are non-interest bearing.

## 20. Other receivables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Deposits and prepayments	3,144	2,357	2,914	2,114
Interest receivables	3,031	2,698	1,039	969
Staff loans receivable within 12 months (Note 17)	1,490	1,563	1,339	1,399
Sundry receivables	5,537	7,717	4,613	6,412
	13,202	14,335	9,905	10,894
Less: Provision for doubtful debts	(1,604)	(1,714)	(1,246)	(1,376)
	11,598	12,621	8,659	9,518

Included in sundry receivables is staff loans of RM4,087,000 (2007: RM4,575,000) and RM3,368,000 (2007: RM3,859,000) of the Group and of the Company respectively, which are due from former staff. The interest rate charged on the loans was based on the base lending rate of a financial institution plus 0.25%.

## 21. Related company balances

Advances from subsidiaries were given to the Company on 15 August 2005. The advances are unsecured, interest-free and repayable within 24 months or any other date agreed upon by the parties involved from the date on which the advances were given. On 14 August 2007, the subsidiaries, other than Bursa Malaysia IT (in voluntary liquidation), agreed to extend their advances to the Company for a subsequent four and a half to 36 months following the lapse of the initial 24 months repayment period. As at 31 December 2008, all advances, other than the advances from one subsidiary and Bursa Malaysia IT, had been fully repaid.

Bursa Malaysia IT (in voluntary liquidation) was placed in voluntary winding-up on 28 February 2007. The advance from Bursa Malaysia IT is to be netted-off against the amounts owed by the subsidiary to the Company following the completion of its liquidation exercise.

The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

## 22. Short term investments

	Group and Company	
	2008 RM'000	2007 RM'000
<b>Unquoted bonds</b>		
At cost	74,688	74,953
Accumulated impairment losses	(1,831)	–
	72,857	74,953

Unquoted bonds of the Group and of the Company are managed by external fund managers.

## 23. Cash and bank balances

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Cash on hand and at banks	30,872	8,805	789	676
Deposits with:				
Licensed banks	1,073,515	778,355	84,425	40,928
Licensed investment banks	39,918	54,165	5,180	–
	1,113,433	832,520	89,605	40,928
	1,144,305	841,325	90,394	41,604

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Included in cash and bank balances are the following:

(i) Cash collected by the following wholly-owned subsidiaries from:

	2008 RM'000	Group 2007 RM'000
CPs of Bursa Malaysia Derivatives Clearing for security deposits and cash margins	811,338	461,625
CPs of Bursa Malaysia Derivatives Clearing being contribution to the DCF	23,733	21,733
TCPs of Bursa Malaysia Securities Clearing as collateral for SBL	15,456	41,980
TCPs of Bursa Malaysia Securities Clearing being contribution to the CGF	10,012	8,994
	860,539	534,332

(ii) An amount of RM25,000,000 (2007: RM25,000,000) which has been set aside in respect of Bursa Malaysia Securities Clearing's contribution to the CGF.

(iii) Cash set aside to meet or secure the claims of creditors and certain lease payments pursuant to the High Court orders issued in relation to reduction in capital of:

	High Court Order dated	2008 RM'000	Group 2007 RM'000
The Company	27 January 2005	9,506	10,141
Bursa Malaysia Securities Clearing	30 August 2007	-	738
		9,506	10,879

(iv) An amount of RM5,000,000 (2007: RM5,000,000) which has been set aside in respect of Bursa Malaysia Derivatives Clearing's appropriation to the DCF.

Included in cash and bank balances are CPs amounts denominated in currencies other than functional currency as follows:

	2008 RM'000	Group 2007 RM'000
Cash on hand and at banks:		
USD	3,816	987
JPY	23,086	-
	26,902	987
Deposits with licensed banks and licensed investment banks:		
USD	52,680	13,599
	79,582	14,586

## 24. Share capital

	Number of ordinary shares of RM0.50 each		Amount	
	2008 '000	2007 '000	2008 RM'000	2007 RM'000
<b>Authorised</b>				
<b>At 1 January/31 December</b>	2,000,000	2,000,000	1,000,000	1,000,000
<b>Issued and fully paid</b>				
<b>At 1 January</b>	523,649	519,602	261,825	259,801
Issued during the year pursuant to ESOS (Note 27(b))	2,237	4,047	1,118	2,024
<b>At 31 December</b>	525,886	523,649	262,943	261,825

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## 25. Other reserves

### (a) Capital reserve

Capital reserve is in relation to share premium in Bursa Malaysia Derivatives, which arises from “B” and “C” non-cumulative preference shares of RM1.00 each in Bursa Malaysia Derivatives. The composition of share premium in Bursa Malaysia Derivatives is as follows:

Financial year of issue	Type of preference shares	No. of shares issued	Share premium RM'000
2001	“B” preference shares	16	8,000
2001	“C” preference shares	15	3,000
2002	“C” preference shares	6	1,200
2003	“C” preference shares	1	200
2006	“C” preference shares	1	200
2007	“B” preference shares	1	500
2007	“C” preference shares	2	400
2008	“C” preference shares	1	200
			13,700

The share premium arising from the above issue is not refundable to the preference shareholders and thus is treated as a non-distributable capital reserve. The “B” and “C” preference shares have been accounted for as part of the Group’s minority interest.

### (b) Capital redemption reserve

The capital redemption reserve relates to the capitalisation of retained earnings arising from the redemption of preference shares by the following subsidiaries:

	Group	
	2008 RM'000	2007 RM'000
Bursa Malaysia Depository	5,000	5,000
Bursa Malaysia Securities	250	250
	5,250	5,250

The capital redemption reserve is non-distributable in the form of dividends but may be applied in paying up unissued shares of the subsidiaries to be issued to the shareholders of the subsidiaries as fully-paid bonus shares.

### (c) Foreign currency exchange reserve

The foreign currency exchange reserve is used to record exchange differences arising from the translation of the financial statements of a subsidiary whose functional currency differs from the Group’s presentation currency.

### (d) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

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## (e) Clearing fund reserves

	Note	2008 RM'000	Group 2007 RM'000
Amount set aside for:			
CGF, in accordance with Bursa Malaysia Securities Clearing Rules	(i)	25,000	25,000
DCF, in accordance with Bursa Malaysia Derivatives Clearing Rules	(ii)	5,000	5,000
		30,000	30,000

### (i) CGF reserve

The CGF reserve is an amount set aside following the implementation of the CGF. On 1 July 2006, pursuant to the Rules of Bursa Malaysia Securities Clearing, Bursa Malaysia Securities Clearing set up a CGF for securities clearing and settlement. The quantum of the CGF was set at RM100,000,000 and may increase by the quantum of interest arising from investments of the fixed contributions. The CGF comprises contributions from TCPs, appropriation from Bursa Malaysia Securities Clearing, and other financial resources (currently in the form of a Standby Credit Facility from the Company).

As at the balance sheet date, the CGF composition was as follows:

	2008 RM'000	2007 RM'000
TCPs of Bursa Malaysia Securities Clearing *	16,376	15,725
Bursa Malaysia Securities Clearing	25,000	25,000
Standby Credit Facility from the Company (Note 34(b))	60,000	60,000
	101,376	100,725

\* Contributions from TCPs of Bursa Malaysia Securities Clearing, including accrued interest, are in the form of:

	2008 RM'000	2007 RM'000
Cash	10,012	9,011
Bank guarantees	6,364	6,714
	16,376	15,725

### (ii) DCF reserve

Pursuant to the Rules of Bursa Malaysia Derivatives Clearing, Bursa Malaysia Derivatives Clearing set up a DCF for derivatives clearing and settlement. The DCF comprises contributions from CPs and designation of certain amounts from Bursa Malaysia Derivatives Clearing's retained earnings.

As at the balance sheet date, the DCF composition was as follows:

	2008 RM'000	2007 RM'000
CPs of Bursa Malaysia Derivatives Clearing	23,733	21,733
Bursa Malaysia Derivatives Clearing	5,000	5,000
	28,733	26,733

There were no non-cash collaterals from CPs of Bursa Malaysia Derivatives Clearing for DCF held by the Group as at 31 December 2008.



## 26. Retained earnings

Prior to the year of assessment 2008, Malaysian companies adopted the full imputation system. In accordance with the Finance Act 2007 which was gazetted on 28 December 2007, companies shall not be entitled to deduct tax on dividends paid, credited or distributed to its shareholders, and such dividends will be exempted from tax in the hands of the shareholders (single-tier system). However, there is a transitional period of six years, expiring on 31 December 2013, to allow companies to pay franked dividends to their shareholders under limited circumstances. Companies also have an irrevocable option to disregard the Section 108 balance and opt to pay dividends under the single-tier system. The change in the tax legislation also provides for the Section 108 balance to be locked-in as at 31 December 2007 in accordance with Section 39 of the Finance Act 2007.

The Company did not elect for the irrevocable option to disregard the Section 108 balance. Accordingly, during the transitional period, the Company may utilise the credit in the Section 108 balance to distribute cash dividend payments to ordinary shareholdings as defined under the Finance Act 2007. As at 31 December 2008, the Company has sufficient credit in the Section 108 balance to pay franked dividends amounting to RM51,153,000 (2007: RM205,046,000) out of its retained earnings. If the balance of the retained earnings of RM251,462,000 were to be distributed as dividends, the Company may distribute such dividends under the single-tier system.

## 27. Employee benefits

### (a) Retirement benefit obligations

The Group operates a funded, defined Retirement Benefit Scheme (the Scheme) for its eligible employees. Contributions to the Scheme are made to a separately administered fund. Under the Scheme, eligible employees are entitled to a lump sum, upon leaving service, calculated based on the multiplication of two times the Final Scheme Salary, Pensionable Service and a variable factor based on service years, less EPF offset. The Scheme was closed to new entrants effective 1 September 2003.

Movements in the net liability were as follows:

	Group and Company 2008 RM'000	2007 RM'000
At 1 January	20,771	18,454
Recognised in income statement (Note 5)	2,603	2,811
Contributions paid	(434)	(494)
At 31 December	22,940	20,771

The amounts recognised in the balance sheets were determined as follows:

	Group and Company 2008 RM'000	2007 RM'000
Present value of funded defined benefit obligations	26,166	34,613
Fair value of plan assets	(1,275)	(2,251)
Unrecognised actuarial losses	(1,951)	(11,591)
Net liability	22,940	20,771

The present value of defined benefit obligations are analysed as follows:

	Group and Company 2008 RM'000	2007 RM'000
Current	971	1,155
Non-current:		
Later than one year but not later than two years	1,177	1,170
Later than two years but not later than five years	2,558	3,375
Later than five years	21,460	28,913
	25,195	33,458
	26,166	34,613

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The amounts recognised in the income statement during the year were as follows:

	Group and Company	
	2008	2007
	RM'000	RM'000
Interest cost	1,871	2,010
Expected return on plan assets	(81)	(125)
Actuarial loss	813	926
	2,603	2,811

The actual return on the plan assets of the Group and of the Company for the year was a loss of RM106,000 (2007: RM59,000).

Principal actuarial assumptions used:

	2008	2007
	%	%
Discount rate	6.0	5.5
Expected return on plan assets	3.3	4.5
Expected rate of salary increase	5.0	7.0

## (b) ESOS

The ESOS is governed by the Bye-Laws approved by the shareholders at an Extraordinary General Meeting held on 11 December 2004. The ESOS was implemented on 9 March 2005 and is to be in force for a period of five years from the date of implementation.

The salient terms of the ESOS are as follows:

- (i) The Option Committee appointed by the Board of Directors to administer the ESOS, may at its discretion at any time within the duration of the scheme, grant options to eligible employees or Executive Directors of the Group to subscribe for new ordinary shares of RM0.50 each in the Company.
- (ii) The total number of shares to be issued under the ESOS shall not exceed in aggregate 13% of the issued share capital of the Company at any point of time during the tenure of the ESOS and out of which not more than 50% of the shares shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the shares available under the ESOS shall be allocated to any individual employee or Executive Director who, either singly or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company.
- (iii) The exercise price for each share shall be as follows:
  - In respect of options granted in conjunction with the IPO, the IPO price;
  - In respect of options granted subsequent to the Listing to new employees of the Company, the weighted average market price of the shares for the five market days immediately preceding the date on which the options are granted with a discount of not more than 10% at the Option Committee's discretion, provided that the option price shall in no event be less than the par value of the shares of the Company of RM0.50.
- (iv) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year:

	Number of Share Options				
	Outstanding at 1 Jan '000	Movements during the year		Outstanding at 31 Dec '000	Exercisable at 31 Dec '000
		Granted '000	Exercised '000		
<b>2008</b>					
2005 options	33,348	–	(2,091)	31,257	1,844
2006 options	65	–	(20)	45	45
2007 options	371	–	(121)	250	250
2008 options	–	1,249	(5)	1,244	1,244
	33,784	1,249	(2,237)	32,796	3,383
WAEP	2.33	7.30	2.42	2.28	4.16
<b>2007</b>					
2005 options	37,033	–	(3,685)	33,348	1,119
2006 options	237	–	(172)	65	65
2007 options	–	561	(190)	371	371
	37,270	561	(4,047)	33,784	1,555
WAEP	2.33	6.89	2.66	2.33	3.36

55,993,000 options were granted in conjunction with the IPO. As at 31 December 2008, 26,580,000 (2007: 23,764,000) options had been vested. The allocation of options for each subsequent year over the remaining option period will be determined by the Option Committee based on employees' performance rating in the respective years and such other factors deemed appropriate by the Option Committee at its discretion.

(i) Details of share options outstanding at the end of the year

Grant date	WAEP RM	Exercise period
<b>2008</b>		
2005 options	2.06	09.03.2005 - 08.03.2010
2006 options	4.50	09.03.2006 - 08.03.2010
2007 options	5.98	15.03.2007 - 08.03.2010
2008 options	6.88	18.03.2008 - 08.03.2010
<b>2007</b>		
2005 options	2.28	09.03.2005 - 08.03.2010
2006 options	5.11	09.03.2006 - 08.03.2010
2007 options	6.32	15.03.2007 - 08.03.2010

(ii) Share options exercised during the year

As disclosed in Note 24, options exercised during the financial year resulted in the issuance of 2,237,000 (2007: 4,047,000) ordinary shares at weighted average exercise price of RM2.42 (2007: RM2.66) each. The related weighted average share price at the date of exercise was RM9.25 (2007: RM11.51).

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### (iii) Fair value of share options granted during the year

The fair value of share options granted during the year was estimated by an external valuer using a binomial model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at grant date and the assumptions were as follows:

	2008	2007
Weighted average fair value of share options (RM):		
2008 options	1.63	–
2007 options	–	1.67
Weighted average share price (RM)	8.45	9.65
Weighted average exercise price (RM)	7.29	6.89
Expected volatility (%)	41.5	35.0
Expected life (years)	2.0	3.0
Risk free rate (%)	3.4	3.6
Expected dividend yield (%)	4.0	4.0

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

### 28. Deferred income

	Group RM'000	Company RM'000
<b>At 1 January 2008</b>	2,477	–
Grant received	9,872	9,872
Grants utilised	(1,050)	(1,025)
Overrecognition of grant income in prior year	318	–
<b>At 31 December 2008</b>	11,617	8,847
<b>At 1 January 2007</b>	2,831	–
Grant utilised	(354)	–
<b>At 31 December 2007</b>	2,477	–

The deferred income of the Group refers to grants for the bond trading and derivatives clearing systems. The deferred income of the Company refers to the grant for the bond trading platform.

### 29. Borrowings

	2008 RM'000	Group 2007 RM'000
Long term borrowings	219	439
Less: Portion repayable within 12 months, included as short term borrowings	(219)	(220)
	–	219

Borrowings of the Group relate to amounts payable to the Government of Malaysia and comprise two interest-free, unsecured loans of RM697,000 and RM1,500,000. Each loan is repayable in ten equal annual instalments, repayments of which commenced on 30 November 2000.

### 30. Trade payables

	2008 RM'000	Group 2007 RM'000
Trade margins from clearing participants of Bursa Malaysia Derivatives Clearing, including accrued interest:		
Margin and excess cash on derivatives contracts*	801,620	453,342
Security deposits	10,679	8,364
Total trade margins*	812,299	461,706
Cash collected by Bursa Malaysia Securities Clearing from TCPs for SBL collaterals	15,456	41,476
	827,755	503,182

\* The margins per contract for the actively traded derivatives products are as follows:

	2008 RM	Group 2007 RM
FCPO	7,250 - 7,500	5,500 - 5,750
FKLI	4,000	5,000

The above are placed in interest-bearing deposits and interest earned is credited to CPs'/TCPs' accounts net of service charges.

Included in trade payables are margin deposits received in currencies other than functional currency as follows:

	2008 RM'000	Group 2007 RM'000
USD	56,496	14,586
JPY	23,086	-
	79,582	14,586

As at 31 December 2008, the amount of non-cash collateral held by the Group not included in the balance sheet were as follows:

	2008 RM'000	Group 2007 RM'000
Trade margins from clearing participants of Bursa Malaysia Derivatives Clearing:		
Letter of credits	407,144	264,970
Shares*	-	45
Total trade margins	407,144	264,970
SBL collaterals from TCPs of Bursa Malaysia Securities Clearing:		
Bank guarantees	-	100,000
	407,144	365,015

\* This represents the fair value of shares held as margins as at 31 December 2007.

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## 31. Other payables

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Accruals	31,512	32,515	31,054	32,059
Amount owing to SC	1,641	3,209	–	–
Provision for bonus and EPF	11,903	20,758	11,903	20,757
Sundry payables	34,672	29,179	26,542	21,273
	79,728	85,661	69,499	74,089

## 32. Compensation funds

The Group maintains the following funds to compensate investors who have suffered losses under the circumstances specified in the relevant rules and regulations.

The net assets of the funds are as follows:

	2008 RM'000	2007 RM'000
Bursa Malaysia Securities Berhad - Securities Compensation Fund (Securities Compensation Fund)	285,793	279,095
Bursa Malaysia Derivatives Berhad - Fidelity Fund (Derivatives Fidelity Fund)	13,303	11,818
Bursa Malaysia Depository Sdn. Bhd. - Compensation Fund (Depository Compensation Fund)	50,000	50,000
Malaysia Monetary Exchange Bhd. - Fidelity Fund (MME Fidelity Fund) (in voluntary liquidation)	–	1,186

The assets of the funds are segregated from the financial statements of the Group and accounted for separately.

### (i) Securities Compensation Fund

The Securities Compensation Fund was established on 1 July 1997 pursuant to the CMSA and the net assets of the Kuala Lumpur Stock Exchange Berhad Fidelity Fund was effectively transferred to the fund on that date.

The Securities Compensation Fund comprises contributions from Bursa Malaysia Securities, a wholly-owned subsidiary, and participating organisations. Over and above the contributions, the SC has also set aside RM100 million to meet the needs of the Securities Compensation Fund as and when required. Contributions receivable and withdrawals from the Securities Compensation Fund are governed by the provisions of the CMSA.

### (ii) Derivatives Fidelity Fund

The Derivatives Fidelity Fund was established and maintained by Bursa Malaysia Derivatives, a wholly-owned subsidiary, in accordance with the provisions of the CMSA.

The Derivatives Fidelity Fund comprises contributions from TPs. Contributions receivable and withdrawals from the Fidelity Fund are governed by the provisions of the CMSA.

### (iii) Depository Compensation Fund

In 1997, pursuant to the provisions of Section 5(1)(b)(vii) of the Securities Industry (Central Depositories) Act, 1991, Bursa Malaysia Depository, a wholly-owned subsidiary, established a scheme of compensation for the purpose of settling claims by depositors against Bursa Malaysia Depository, its authorised depository agents and Bursa Malaysia Depository Nominees. The scheme comprises the Depository Compensation Fund and insurance policies. Bursa Malaysia Depository's policy is to maintain the balance in the Depository Compensation Fund at RM50,000,000. In consideration for the above, all revenue accruing to the Depository Compensation Fund's deposits and investments are to be credited to Bursa Malaysia Depository and all expenditure incurred for and on behalf of the Depository Compensation Fund will be absorbed by Bursa Malaysia Depository.

**(iv) MME Fidelity Fund (in voluntary liquidation)**

MME (in voluntary liquidation) ceased operations on 7 December 1998 following the merger with COMMEX (in voluntary liquidation). MME (in voluntary liquidation) has remained a dormant company since then. There are no pending claims against the MME Fidelity Fund (in voluntary liquidation).

**33. Operating lease arrangements**

**(a) The Group and Company as Lessee**

The Company has entered into two non-cancellable operating lease agreements for the use of land. The leases have lives of 99 years with no renewal or purchase option included in the contracts. The leases do not allow the Company to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. Tenancy is however allowed with the consent of the lessor.

Following the adoption of FRS 117 Leases on 1 January 2007, the lease arrangements with remaining lease periods of 84 and 87 years each have been disclosed as lease commitments in the previous year.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as liabilities are as follows:

	Group and Company	
	2008	2007
	RM'000	RM'000
Not later than one year	539	539
Later than one year and not later than two years	539	539
Later than two years and not later than five years	1,616	1,616
Later than five years	42,409	42,948
	45,103	45,642

**(b) The Group and Company as Lessor of building**

During the year, the Company entered into non-cancellable operating lease agreements for the rental of parts of the building. The leases have lives of three years with renewal option of another three years included in the agreements. The leases have a fixed rental rate for the existing lease period with an upward revision to the rental rate for the renewed lease period.

The future aggregate minimum lease payments receivable under non-cancellable operating leases contracted for as at the balance sheet date but not recognised as receivables are as follows:

	Group and Company	
	2008	2007
	RM'000	RM'000
Not later than one year	4,904	2,820
Later than one year and not later than two years	4,656	2,820
Later than two years and not later than five years	6,436	1,272
	15,996	6,912

**(c) The Company as Lessor of equipment**

The Company has entered into an operating lease arrangement with Bursa Malaysia Derivatives and Bursa Malaysia Securities for the use of BT systems. The leases have remaining lives of five years, with no purchase option included in the contract.

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The future aggregate minimum lease payments receivable under the operating leases contracted for as at the balance sheet date but not recognised as receivables are as follows:

	Company	
	2008 RM'000	2007 RM'000
Not later than one year	18,596	2,058
Later than one year and not later than two years	18,596	2,058
Later than two years and not later than five years	53,819	6,174
Later than five years	–	7,888
	91,011	18,178

The lease rentals recognised in profit or loss during the financial year are disclosed in Note 35(a) to the financial statements.

## 34. Commitments

### (a) Capital commitments

	Group and Company	
	2008 RM'000	2007 RM'000
<b>Approved and contracted for</b>		
Computers and office automation	15,522	17,805
Renovation and office equipment	583	351
	16,105	18,156
<b>Approved but not contracted for</b>		
Computers and office automation	17,942	17,181
Renovation and office equipment	–	478
	17,942	17,659

### (b) Other commitments

A standby credit facility of RM60 million (2007: RM60 million) was given by the Company to Bursa Malaysia Securities Clearing in respect of the CGF (Note 25(e)(i)).

## 35. Related party disclosures

### (a) Transactions with subsidiaries

Significant transactions between the Company and its subsidiaries are as follows:

	Company	
	2008 RM'000	2007 RM'000
Management fee income from subsidiaries:		
Bursa Malaysia Securities	71,249	66,487
Bursa Malaysia Derivatives	17,894	16,416
LFX	555	434
Bursa Malaysia Securities Clearing	21,502	21,077
Bursa Malaysia Derivatives Clearing	7,278	6,158
Bursa Malaysia Depository	29,675	26,324
Bursa Malaysia Information	12,688	12,864
Bursa Malaysia Bonds	309	–
	161,150	149,760



	Company	
	2008 RM'000	2007 RM'000
Lease rental income from a subsidiary, Bursa Malaysia Derivatives	2,058	2,058
Lease rental income from a subsidiary, Bursa Malaysia Securities	1,416	–
Commitment fees from a subsidiary, Bursa Malaysia Securities Clearing	600	600
Depository services charges to a subsidiary, Bursa Malaysia Depository	(55)	(38)

Management fee charged to subsidiaries are in respect of operational and administrative functions of the subsidiaries which are performed by employees of the Company.

Information regarding outstanding balances arising from related party transactions as at the balance sheet date are disclosed in Note 21.

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.

#### (b) Transactions with other related parties

Significant transactions between the Group and the Company and other related parties are as follows:

	Group		Company	
	2008 RM'000	2007 RM'000	2008 RM'000	2007 RM'000
Administration fee income from Securities Compensation Fund, a fund managed by the Company	848	820	848	820
Administration fee income from Derivatives Fidelity Fund, a fund managed by a subsidiary	120	120	–	–

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.

Certain Directors are also directors of stockbroking companies and banks. The transactions entered into with these stockbroking companies and banks have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Government-linked corporations are related to the Company by virtue of the substantial shareholdings of the Minister of Finance Incorporated in the Company. The transactions entered into with these government-linked corporations have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

#### (c) Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	Group and Company	
	2008 RM'000	2007 RM'000
Short term employee benefits	6,080	7,719
Contributions to defined contribution plan - EPF	804	1,077
Share options granted under ESOS	120	450
Other long term benefits	13	24
	7,017	9,270

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Included in total remuneration of key management personnel is:

	Group and Company	
	2008	2007
	RM'000	RM'000
Executive Director's remuneration (Note 8)	1,477	1,947

The Executive Director of the Group and of the Company and other members of key management have been granted the following number of options under the ESOS:

	Group and Company	
	2008	2007
	RM'000	RM'000
<b>At 1 January</b>	4,769	5,123
Change in key members of management	(186)	–
Granted	377	628
Exercised	(495)	(982)
<b>At 31 December</b>	4,465	4,769

The share options were granted on the same terms and conditions as those offered to other employees of the Group (Note 27(b)).

## 36. Financial instruments

### (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate (both fair value and cash flow) risk, foreign currency risk, liquidity risk and credit risk. The Group operates within clearly defined guidelines that are approved by the Board. It is, and has been throughout the year under review, the Company's policy that no trading in derivative financial instruments shall be undertaken.

### (b) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to both cash flow and interest rate risks as it has substantial short and long term interest-bearing financial assets as at the balance sheet date. The investments in financial assets are not held for speculative purposes but have been placed in fixed deposits and invested in unquoted securities.

The following tables set out the weighted average effective interest rates (WAEIR) as at the balance sheet date and the remaining maturities of the Group's and the Company's financial instruments that are exposed to interest rate risk:

Group	Other	Short term	Deposits	Total
At 31 December 2008	investments	investments	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000
	Note 16	Note 22	Note 23	
<b>Maturity</b>				
Within one year	–	18,183	1,113,433	1,131,616
One to two years	10,273	5,035	–	15,308
Two to three years	11,827	6,689	–	18,516
Three to four years	10,021	6,545	–	16,566
Four to five years	5,306	18,162	–	23,468
More than five years	15,506	20,074	–	35,580
	52,933	74,688	1,113,433	1,241,054
WAEIR (%)	5.3	5.6	3.3	3.4

Group At 31 December 2007	Other investments RM'000 Note 16	Short term investments RM'000 Note 22	Deposits RM'000 Note 23	Total RM'000
<b>Maturity</b>				
Within one year	8,516	5,087	832,520	846,123
One to two years	–	18,183	–	18,183
Two to three years	33,689	9,545	–	43,234
Three to four years	11,827	6,185	–	18,012
Four to five years	10,021	7,654	–	17,675
More than five years	20,768	28,299	–	49,067
	84,821	74,953	832,520	992,294
WAEIR (%)	5.2	5.3	3.5	3.8
<b>Company At 31 December 2008</b>				
	Other investments RM'000 Note 16	Short term investments RM'000 Note 22	Deposits RM'000 Note 23	Total RM'000
<b>Maturity</b>				
Within one year	–	18,183	89,605	107,788
One to two years	–	5,035	–	5,035
Two to three years	–	6,689	–	6,689
Three to four years	–	6,545	–	6,545
Four to five years	–	18,162	–	18,162
More than five years	–	20,074	–	20,074
	–	74,688	89,605	164,293
WAEIR (%)	–	5.6	3.3	4.4
<b>Company At 31 December 2007</b>				
	Other investments RM'000 Note 16	Short term investments RM'000 Note 22	Deposits RM'000 Note 23	Total RM'000
<b>Maturity</b>				
Within one year	1,600	5,087	40,928	47,615
One to two years	–	18,183	–	18,183
Two to three years	–	9,545	–	9,545
Three to four years	–	6,185	–	6,185
Four to five years	–	7,654	–	7,654
More than five years	–	28,299	–	28,299
	1,600	74,953	40,928	117,481
WAEIR (%)	5.8	5.3	3.5	4.7

# Notes to the Financial Statements

31 December 2008

## (c) Foreign currency risk

The Group is exposed to transactional currency risk primarily through trade margins and expenses that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily United States Dollar (USD), Sterling Pound (GBP), Singapore Dollar (SGD) and Euro Dollar (EURO). Foreign exchange exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level. Approximately 18.0 per cent (2007: 12.9 per cent) of Group operating and capital costs are denominated in currencies other than the functional currencies of the respective entities, while approximately 9.6 per cent (2007: 3.2 per cent) of trade margins are denominated in a currency other than the functional currency of the respective entities.

The unhedged financial assets and financial liabilities of the Group companies that are not denominated in their functional currencies are as follows:

Functional currency of Group companies	Net financial assets/(liabilities) held in non-functional currencies		
	RM RM'000	USD RM'000	Total RM'000
<b>At 31 December 2008</b>			
RM	–	(14,727)	(14,727)
USD	13	–	13
	13	(14,727)	(14,714)
<b>At 31 December 2007</b>			
RM	–	(5,388)	(5,388)
USD	31	–	31
	31	(5,388)	(5,357)

## (d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to meet its operational needs.

## (e) Credit risk

The Group's credit risk is primarily attributable to trade receivables, outstanding loans from former staff and certain sundry receivables. Receivables are monitored on an on-going basis via Group management reporting procedures.

In the normal course of business, the clearing houses of the Group act as the counterparty to eligible trades concluded on the securities and derivatives markets through novation of the obligations of the buyers and sellers. As a result, the Group faces credit risk since the participants' ability to honour their obligations in respect of their trades may be adversely affected by economic conditions.

The Group mitigates its exposure to risks described above by requiring the participants' to meet the Group's established financial requirements and criteria for admission as participants, monitoring compliance with risk management measures such as position limits established by the Group and requiring participants to contribute to the funds set up by the respective clearing houses. In addition, the Group had taken up insurance to cover the risks.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents and unquoted securities, arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these financial assets.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument.

**(f) Fair values**

The carrying amounts of financial assets and liabilities of the Group and of the Company at the balance sheet date approximated their fair values except for the following:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>31 December 2008</b>				
Other investments (Note 16)	47,200	47,398	–	–
Staff loans receivable (Note 17)	22,068	14,396	20,350	13,168
<b>31 December 2007</b>				
Other investments (Note 16)	80,580	84,150	1,600	1,606
Short term investments (Note 22)	74,953	75,720	74,953	75,720
Staff loans receivable (Note 17)	24,489	14,587	22,589	13,335
Long term borrowings (Note 29)	(219)	(207)	–	–

The methods and assumptions used by management to determine fair values of financial instruments other than those whose carrying amounts reasonably approximate their fair values are as follows:

**(i) Investments**

The fair value of unquoted securities is determined based on indicative rates obtained from third parties at the close of the last business day on or before the balance sheet date. Management believes the estimated fair values are reasonable and the most appropriate at the balance sheet date.

**(ii) Staff loans receivable**

The fair value of staff loans receivable is estimated by discounting the expected future cash flows using the current interest rates for loans with similar risk profiles.

**(iii) Long term borrowings**

The fair values of long term borrowings are estimated by discounting the expected future cash flows using applicable market rates.

**37. Segment information**

**(a) Reporting format**

The primary segment reporting format is determined to be market segments as the Group's risks and rates of return are affected predominantly by the activities on the different exchanges. Secondary information is reported by business segments.

# Notes to the Financial Statements

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## (b) Market segments

The six major market segments of the Group are as follows:

- (i) The **cash market** mainly comprises of the provision and operation of the listing, trading, clearing and depository services for the securities market.
- (ii) The **derivatives market** mainly comprises of the provision and operation of the trading, clearing and depository services for the derivatives market.
- (iii) The **offshore market** mainly comprises of the provision and operation of the listing and trading function for the offshore market.
- (iv) The **information services** relates to the provision and dissemination of information relating to securities quoted on exchanges within the Group.
- (v) The **exchange holding** business refers to the operation of the Company which functions as an investment holding company.
- (vi) The **others** mainly comprises the provision and trading operations for the bond market.

## (c) Business segments

The five major business segments of the Group are as follows:

- (i) The **exchanges** provide, operate and maintain securities, futures and options, bonds and offshore financial exchanges.
- (ii) The **clearing, settlement and depository** provides, operates and maintains clearing houses for the securities and futures and options exchange, and a central depository for securities listed on the securities exchange.
- (iii) The **information services** relates to the provision and dissemination of information relating to securities quoted on exchanges within the Group.
- (iv) The **exchange holding** business refers to the operation of the Company which functions as an investment holding company.
- (v) The **others** relates to operation of a nominee company for Bursa Malaysia Depository and companies placed under voluntary liquidation.

## (d) Allocation Basis and Transfer Pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

## Market segments

31 December 2008	Cash market RM'000	Derivatives market RM'000	Offshore market RM'000	Information services RM'000	Exchange holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Operating revenue</b>								
External revenue	220,815	44,505	307	24,204	–	476	–	290,307
Inter-segment revenue	639	–	–	969	388,186	–	(389,794)	–
Total operating revenue	221,454	44,505	307	25,173	388,186	476	(389,794)	290,307
<b>Other income</b>	10,716	11,261	134	127	17,928	1,160	42	41,368
	232,170	55,766	441	25,300	406,114	1,636	(389,752)	331,675
<b>Operating expenses</b>	(130,844)	(28,517)	(634)	(12,783)	(173,067)	(1,345)	166,831	(180,359)
<b>Segment results</b>	101,326	27,249	(193)	12,517	233,047	291	(222,921)	151,316
Unallocated expenses								(5,054)
<b>Profit from operations</b>								146,262
Finance costs								(635)
<b>Profit before tax</b>								145,627
Income tax expense								(41,207)
<b>Profit for the year</b>								104,420
<b>Segment assets</b>								
Assets	275,392	944,042	6,749	8,865	431,227	19,762	–	1,686,037
Unallocated assets								43,827
								1,729,864
<b>Segment liabilities</b>								
Liabilities	32,228	839,943	227	2,346	101,256	4	–	976,004
Unallocated liabilities								21,605
								997,609
<b>Other information</b>								
Capital expenditure and intangible assets	17,644	1,324	–	88	523	10,199	–	29,778
Unallocated capital expenditure	–	–	–	–	–	–	–	4,229
Depreciation and amortisation	3,812	640	–	96	9,893	1,034	–	15,475
Impairment losses recognised in profit or loss	385	381	–	–	1,831	–	–	2,597
Other significant non-cash expenses:								
Net provision for/ (reversal of) doubtful debts	225	(95)	21	(67)	(500)	–	–	(416)
Increase in pension costs	–	–	–	–	2,603	–	–	2,603
Share options granted under ESOS	–	–	–	–	2,986	–	–	2,986

# Notes to the Financial Statements

31 December 2008

## Market segments

31 December 2007	Cash market RM'000	Derivatives market RM'000	Offshore market RM'000	Information services RM'000	Exchange holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Operating revenue</b>								
External revenue	378,249	45,558	308	19,286	–	–	–	443,401
Inter-segment revenue	684	–	–	951	557,617	–	(559,252)	–
Total operating revenue	378,933	45,558	308	20,237	557,617	–	(559,252)	443,401
<b>Other income</b>	16,662	10,242	305	172	20,736	524	(74)	48,567
	395,595	55,800	613	20,409	578,353	524	(559,326)	491,968
<b>Operating expenses</b>	(124,764)	(28,209)	(512)	(12,934)	(157,765)	–	156,077	(168,107)
<b>Segment results</b>	270,831	27,591	101	7,475	420,588	524	(403,249)	323,861
Unallocated expenses								(4,237)
<b>Profit from operations</b>								319,624
Finance costs								(644)
<b>Profit before tax</b>								318,980
Income tax expense								(78,355)
<b>Profit for the year</b>								240,625
<b>Segment assets</b>								
Assets	392,118	608,779	6,631	9,599	399,597	5,827	–	1,422,551
Unallocated assets								24,445
								1,446,996
<b>Segment liabilities</b>								
Liabilities	58,229	487,740	223	2,249	94,830	3	–	643,274
Unallocated liabilities								23,493
								666,767
<b>Other information</b>								
Capital expenditure and intangible assets	28,937	956	–	58	–	–	–	29,951
Unallocated capital expenditure	–	–	–	–	–	–	–	9,906
Depreciation and amortisation	3,283	608	–	85	5,821	–	–	9,797
Impairment losses recognised in profit or loss	4,337	198	–	–	–	–	–	4,535
Other significant non-cash expenses:								
Net provision for/ (reversal of) doubtful debts	82	(43)	–	(121)	(263)	–	–	(345)
Increase in pension costs	–	–	–	–	2,811	–	–	2,811
Share options granted under ESOS	–	–	–	–	1,288	–	–	1,288

### Notes

(i) Included in segment assets of the cash market are cash and accrued interest belonging to TCPs of Bursa Malaysia Securities Clearing in respect of SBL collaterals and CGF contributions amounting to RM25,468,000 (2007: RM50,487,000). A similar amount is included in segment liabilities of the cash market.

(ii) Included in segment assets of the derivatives market are cash and accrued interest belonging to CPs of Bursa Malaysia Derivatives Clearing in respect of security deposits, cash margins and DCF contributions amounting to RM836,032,000 (2007: RM483,439,000). A similar amount is included in segment liabilities of the derivatives market.



## Business segments

31 December 2008	Exchanges RM'000	Clearing, settlement and depository RM'000	Information services RM'000	Exchange holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Operating revenue</b>							
External revenue	165,157	100,946	24,204	–	–	–	290,307
Inter-segment revenue	–	55	969	388,186	–	(389,210)	–
Total operating revenue	165,157	101,001	25,173	388,186	–	(389,210)	290,307
<b>Other income</b>	6,792	16,343	127	17,928	136	42	41,368
	171,949	117,344	25,300	406,114	136	(389,168)	331,675
<b>Operating expenses</b>	(99,308)	(61,448)	(12,783)	(173,067)	–	166,247	(180,359)
<b>Segment results</b>	72,641	55,896	12,517	233,047	136	(222,921)	151,316
Unallocated expenses							(5,054)
<b>Profit from operations</b>							146,262
Finance costs							(635)
<b>Profit before tax</b>							145,627
Income tax expense							(41,207)
<b>Profit for the year</b>							104,420
<b>Segment assets</b>							
Assets	213,762	1,026,215	8,865	431,227	5,968	–	1,686,037
Unallocated assets							43,827
							1,729,864
<b>Segment liabilities</b>							
Liabilities	2,175	870,223	2,346	101,256	4	–	976,004
Unallocated liabilities							21,605
							997,609
<b>Other information</b>							
Capital expenditure and intangible assets	28,696	471	88	523	–	–	29,778
Unallocated capital expenditure	–	–	–	–	–	–	4,229
Depreciation and amortisation	4,308	1,179	96	9,892	–	–	15,475
Impairment losses recognised in profit or loss	375	391	–	1,831	–	–	2,597
Other significant non-cash expenses:							
Net provision for/(reversal of) doubtful debts	391	(240)	(67)	(500)	–	–	(416)
Increase in pension costs	–	–	–	2,603	–	–	2,603
Share options granted under ESOS	–	–	–	2,986	–	–	2,986

# Notes to the Financial Statements

31 December 2008

## Business segments

31 December 2007	Exchanges RM'000	Clearing, settlement and depository RM'000	Information services RM'000	Exchange holding RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>Operating revenue</b>							
External revenue	255,030	169,085	19,286	–	–	–	443,401
Inter-segment revenue	15	38	951	557,617	–	(558,621)	–
Total operating revenue	255,045	169,123	20,237	557,617	–	(558,621)	443,401
<b>Other income</b>	8,724	18,485	172	20,736	524	(74)	48,567
	263,769	187,608	20,409	578,353	524	(558,695)	491,968
<b>Operating expenses</b>	(92,236)	(61,249)	(12,934)	(157,765)	–	156,077	(168,107)
	171,533	126,359	7,475	420,588	524	(402,618)	323,861
<b>Segment results</b>							
Unallocated expenses							(4,237)
<b>Profit from operations</b>							319,624
Finance costs							(644)
<b>Profit before tax</b>							318,980
Income tax expense							(78,355)
<b>Profit for the year</b>							240,625
<b>Segment assets</b>							
Assets	262,445	745,083	9,599	399,597	5,827	–	1,422,551
Unallocated assets							24,445
							1,446,996
<b>Segment liabilities</b>							
Liabilities	2,472	543,720	2,249	94,830	3	–	643,274
Unallocated liabilities							23,493
							666,767
<b>Other information</b>							
Capital expenditure and intangible assets	–	1,887	58	28,006	–	–	29,951
Unallocated capital expenditure	–	–	–	–	–	–	9,906
Depreciation and amortisation	2,850	1,041	85	5,821	–	–	9,797
Impairment losses recognised in profit or loss	55	4,480	–	–	–	–	4,535
Other significant non-cash expenses:							
Net provision for/(reversal of) doubtful debts	66	(27)	(121)	(263)	–	–	(345)
Increase in pension costs	–	–	–	2,811	–	–	2,811
Share options granted under ESOS	–	–	–	1,288	–	–	1,288

Note  
Included in segment assets of the clearing, settlement and depository unit are cash and accrued interest belonging to CPs of Bursa Malaysia Derivatives Clearing in respect of security deposits, cash margins and DCF contributions and to TCPs of Bursa Malaysia Securities Clearing in respect of SBL collaterals and CGF contributions amounting to RM861,500,000 (2007: RM533,926,000). A similar amount is included in segment liabilities of the clearing, settlement and depository market.

### 38. Comparatives

The following opening balances have been reclassified following clarification from MICPA on the accounting treatment of employee share options exercised:

Description of change	Previously stated RM'000	Reclassification FRS 2 RM'000	After reclassification RM'000
<b>At 1 January 2007</b>			
<b>Group and Company</b>			
Share option reserve	8,269	(2,718)	5,551
Share premium	51,500	2,718	54,218
<b>At 31 December 2007</b>			
<b>Group and Company</b>			
Share option reserve	9,557	(4,994)	4,563
Share premium	60,260	4,994	65,254

The following comparative amounts in the consolidated balance sheet and the consolidated statement of changes in equity have been reclassified to reflect the amount earmarked by Bursa Malaysia Derivatives Clearing for the DCF and CPs contributions to the DCF.

Description of change	Previously stated RM'000	Reclassification RM'000	After reclassification RM'000
<b>At 1 January 2007</b>			
<b>Group</b>			
Clearing fund reserves	25,000	5,000	30,000
Retained earnings	447,515	(5,000)	442,515
<b>At 31 December 2007</b>			
<b>Group</b>			
Trade payables	524,915	(21,733)	503,182
CPs contributions to DCF	–	21,733	21,733
Clearing fund reserves	25,000	5,000	30,000
Retained earnings	405,770	(5,000)	400,770

# List of Properties

owned by Bursa Malaysia Group as at 31 December 2008

Location**	Postal address	Description	Current use	Tenure	Remaining lease period (expiry date)	Age of building	Land area/ built-up area (sq. meters)	Date of acquisition	Net book value 31 Dec 2008 RM'000
Geran No. 28936 Lot No. 520 (formerly P.T. 8) Section 19, Town and District of Kuala Lumpur	Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur	16-storey office building with 5-level basement car park and a lower level car park, known as the Main Building	Principal and operational office	Leasehold 99 years*	84 years (14 Apr 2092)	11 years	7,144 / 71,347	Aug 1997	150,895
Geran No. 28938 Lot No. 522 (formerly P.T. 10) Section 19, Town and District of Kuala Lumpur	Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur	2-storey office building with 2-level basement car park, known as the Annexe Building	Principal and operational office	Leasehold 99 years*	87 years (28 Feb 2095)	10 years	9,314 / 38,609	Mar 1998	51,568
Lot 5.0 to 8.0, No. Berdaftar Geran 17768/MI/4/5 to 8 Bangunan No. M1 Lot No. 51452, Mukim of Kuala Lumpur Daerah Wilayah Persekutuan	4th Floor, Wisma Chase Perdana, Off Jalan Semantan Damansara Heights, 50490 Kuala Lumpur	Four office units on the 4th Floor of a 12-storey office building	Disaster recovery site	Freehold	N/A	25 years	N/A / 3,355	May 1998	10,812

\* These are freehold lands which have been leased to us by the Federal Land Commissioner for a period of 99 years.

\*\* All properties are owned by Bursa Malaysia.

# Training Programmes Attended by Directors

## 1. Tun Mohamed Dzaiddin bin Haji Abdullah

- SC's Perspectives on the Current Capital Market 30 June 2008
- The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation 30 June 2008
- MAICSA Annual Conference 2008: Synergy of Ethical Values in the Corporate World 7-8 July 2008
- Rise of Dark Pools in Asia: Impact & Implications 28 July 2008
- 48th General Assembly of the World Federation of Exchanges 13-17 October 2008
- Board Performance Improvement Programme 30 October 2008
- Islamic Financial Services Board (IFSB) & Institute of International Finance (IIF) Conference: Enhancing the Resilience and Stability of the Islamic Financial System 20-21 November 2008

## 2. Dato' Abdul Latif bin Abdullah

- SC's Perspectives on the Current Capital Market 30 June 2008
- The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation 30 June 2008
- 48th General Assembly of the World Federation of Exchanges 13-17 October 2008
- Board Performance Improvement Programme 30 October 2008

## 3. Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego

- SC's Perspectives on the Current Capital Market 30 June 2008
- The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation 30 June 2008
- Rise of Dark Pools in Asia: Impact & Implications 28 July 2008
- Quality Management System – ISO 9001:2000 8 August 2008
- Board Performance Improvement Programme 30 October 2008

## 4. Dato' Tajuddin bin Atan

- Induction Programme for Newly Appointed Directors 24 July 2008
- Corporate Directors' Training Programme 25 August 2008
- Board Performance Improvement Programme 30 October 2008
- International CEO Forum V 24-26 November 2008
- Risk Awareness Session 1 December 2008

## 5. Datin Paduka Siti Sa'diah binti Sheikh Bakir

- Medical Travel World Congress 2008 27 February 2008
- SC's Perspectives on the Current Capital Market 30 June 2008
- The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation 30 June 2008
- Association of Private Hospitals of Malaysia: International Healthcare Conference 2008 14 July 2008
- Rise of Dark Pools in Asia: Impact & Implications 28 July 2008
- Malaysia External Trade Development Corporation (MATRADE) Seminar on Opportunity under Malaysia's Free Trade Agreements 31 July 2008
- International Seminar on Waqaf (AWAQAF): The Social and Economic Empowerment of the Ummah 11 August 2008
- Board Performance Improvement Programme 30 October 2008

# Training Programmes Attended by Directors

## 6. Dato' Dr. Thillainathan a/l Ramasamy

▪ SC's Perspectives on the Current Capital Market	30 June 2008
▪ The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation	30 June 2008
▪ Rise of Dark Pools in Asia: Impact & Implications	28 July 2008
▪ Regional Integration of Capital Markets in ASEAN: Vision & Implementation	7 August 2008
▪ Deloitte's 34th Tax Seminar	9 September 2008
▪ Health Safety & Environment Excellence towards Global Championship	20 October 2008
▪ Board Performance Improvement Programme	30 October 2008
▪ Essentials of the Oil & Gas Industry	4 November 2008
▪ Implementation Plan for Development of an Integrated ASEAN Capital Market	17 November 2008
▪ Bank Boards & Corporate Governance	13 December 2008

## 7. Dato' Sri Abdul Wahid bin Omar

▪ SC's Perspectives on the Current Capital Market	30 June 2008
▪ The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation	30 June 2008
▪ Directors' Training by International Centre for Leadership in Finance	1-2 August 2008
▪ Khazanah Megatrend Forum: Leadership & Culture	20 October 2008
▪ Board Performance Improvement Programme	30 October 2008

## 8. Izham bin Yusoff

▪ World Vaccines Congress Asia 2008	2-5 June 2008
▪ BIO 2008 Convention	17-21 June 2008
▪ SC's Perspectives on the Current Capital Market	30 June 2008
▪ The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation	30 June 2008
▪ Rise of Dark Pools in Asia: Impact & Implications	28 July 2008
▪ 4th Annual Growth, Innovation and Leadership 2008	15-16 October 2008
▪ Board Performance Improvement Programme	30 October 2008
▪ 24th Annual Futures and Options Expo	10-12 November 2008
▪ 13th Malaysian Capital Market Summit 2008	4-5 December 2008

## 9. Dato' Wong Puan Wah @ Wong Sulong

▪ SC's Perspectives on the Current Capital Market	30 June 2008
▪ The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation	30 June 2008
▪ Rise of Dark Pools in Asia: Impact & Implications	28 July 2008
▪ Corporate Responsibility	16 September 2008
▪ Board Performance Improvement Programme	30 October 2008
▪ 24th Annual Futures and Options Expo	10-12 November 2008

## 10. Cheah Tek Kuang

▪ Palm Oil Conference 2008	27 February 2008
▪ Invest Malaysia 2008	25-26 March 2008
▪ Asia Oil & Gas Conference	8-10 June 2008
▪ SC's Perspectives on the Current Capital Market	30 June 2008
▪ The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation	30 June 2008
▪ Board Performance Improvement Programme	30 October 2008
▪ IFSB & IIF Conference: Enhancing the Resilience and Stability of the Islamic Financial System	20-21 November 2008

### 11. Dato' Saiful Bahri bin Zainuddin

- SC's Perspectives on the Current Capital Market 30 June 2008
- The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation 30 June 2008
- Mandatory Accreditation Programme for Directors of PLCs 25 June 2008 and 22 July 2008
- Induction Programme for Newly Appointed Directors 24 July 2008
- Rise of Dark Pools in Asia: Impact & Implications 28 July 2008
- Board Performance Improvement Programme 30 October 2008
- India-Malaysia Capital Markets Forum 20-21 November 2008

### 12. Ong Leong Huat @ Wong Joo Hwa

- SC's Perspectives on the Current Capital Market 30 June 2008
- The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation 30 June 2008
- Induction Programme for Newly Appointed Directors 24 July 2008
- Rise of Dark Pools in Asia: Impact & Implications 28 July 2008
- Introduction to Islamic Banking and Finance 18 October 2008
- Board Performance Improvement Programme 30 October 2008
- Introduction to Fundamental & Technical Analysis 6 December 2008

### 13. Dato' Yusli bin Mohamed Yusoff

- 8th ASEAN Capital Markets Forum - ASEAN Exchanges: Leveraging of Technology to Enhance Capital Markets 18 February 2008
- World Federation Exchanges' Developing Markets Forum: Environment, Social and Governance Issues, Investment Trends and Opportunities 26 February 2008
- 2nd Annual Trading Technology World Australia held in conjunction with Hedge Funds World Australia 2008: Acceleration of New Access Technology and Impact on the Future of Exchanges 14 April 2008
- International Options Market Association (IOMA)/ International Options Clearing House Association (IOCA) Conference 2008 11-14 May 2008
- Bursa Hedge Funds World Global: Malaysia Investor-Friendly 12 June 2008
- UBS Global Exchanges' Conference 2008: The New Frontiers & The 'End Game' in Global Consolidation 24 June 2008
- SC's Perspectives on the Current Capital Market 30 June 2008
- The Way Forward: Market & Global Exchanges Trend, Challenges & Valuation 30 June 2008
- Rise of Dark Pools in Asia: Impact & Implications 28 July 2008
- Regional Integration of Capital Markets in ASEAN: Vision & Implementation 7 August 2008
- 9th ASEAN Capital Market Forum: Update on the ASEAN Exchange Alliance 8 August 2008
- Board Performance Improvement Programme 30 October 2008
- ASEAN Capital Markets: Moving towards ASEAN Economic Community Blueprint 2015 17 November 2008
- Khazanah Megatrend Forum 21 November 2008

# Statistics of Shareholdings

as at 30 January 2009

Authorised Share Capital	:	RM1,000,000,000 divided into 2,000,000,000 ordinary shares of RM0.50 each
Issued and Paid-up Share Capital	:	RM262,951,325 comprising 525,902,650 ordinary shares of RM0.50 each
Class of Shares	:	Ordinary shares of RM0.50 each
Voting Rights	:	One vote per ordinary share

## Analysis by Size of Shareholdings

Size of Shareholdings	No. of Shareholders		Total No. of Shareholders		No. of Issued Shares		Total No. of Issued Shares	
	Malaysian	Foreigner	No.	%	Malaysian	Foreigner	No.	%
1 – 99	95	2	97	.34	1,531	59	1,590	0.00
100 – 1,000	11,863	171	12,034	42.55	10,131,936	143,400	10,275,336	1.95
1,001 – 10,000	13,182	435	13,617	48.15	50,892,119	2,051,561	52,943,680	10.07
10,001 – 100,000	2,114	198	2,312	8.18	54,952,201	6,345,317	61,297,518	11.66
100,001 – less than 5% of issued shares	127	90	217	0.77	131,516,117	96,968,408	228,484,525	43.45
5% and above of issued shares	2	0	2	0.01	172,900,001	0	172,900,001	32.87
<b>Total</b>	<b>27,383</b>	<b>896</b>	<b>28,279</b>	<b>100.00</b>	<b>420,393,905</b>	<b>105,508,745</b>	<b>525,902,650</b>	<b>100.00</b>

## Analysis of Equity Structure

No. Category of Shareholders	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
	Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1. Individual	23,372	462	102,028,983	5,218,209	19.40	0.99
2. Body Corporate						
a Banks/finance companies	58	0	24,966,092	0	4.75	0.00
b Investment trust/ foundation/charities	3	0	41,000	0	0.01	0.00
c Industrial and commercial companies	313	16	14,560,925	657,000	2.77	0.12
3. Government agencies/institutions	8	0	223,515,301	0	42.50	0.00
4. Nominees	3,620	418	55,031,604	99,633,536	10.46	18.95
5. Others	9	0	250,000	0	0.05	0.00
<b>Total</b>	<b>27,383</b>	<b>896</b>	<b>420,393,905</b>	<b>105,508,745</b>	<b>79.94</b>	<b>20.06</b>



### Top 30 Securities Account Holders

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Capital Market Development Fund	97,700,001	18.58
2.	Minister of Finance Incorporated	75,200,000	14.30
3.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Mellon Bank (ABNAMRO Mellon)	26,276,900	5.00
4.	CIMSEC Nominees (Tempatan) Sdn Bhd Minister of Finance Incorporated (ESOS Pool Account)	25,000,000	4.75
5.	Kumpulan Wang Persaraan (Diperbadankan)	21,946,400	4.17
6.	Employees Provident Fund Board	19,611,700	3.73
7.	Valuecap Sdn Bhd	15,656,800	2.98
8.	Lembaga Tabung Angkatan Tentera	7,532,200	1.43
9.	HSBC Nominees (Asing) Sdn Bhd TNTC for Saudi Arabian Monetary Agency	7,166,200	1.36
10.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Mellon Bank (Mellon)	6,191,731	1.18
11.	The Nomad Group Bhd	6,072,728	1.15
12.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank, Luxembourg S.A.	4,442,000	0.84
13.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for the Royal Bank of Scotland Group Pension Fund	3,049,503	0.58
14.	Mayban Investment Bank Berhad IVT for Aseambankers Malaysia Berhad (Dealer CC)	3,036,364	0.58
15.	Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company for iShares MSCI Emerging Markets Index Fund	2,930,800	0.56
16.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	2,384,052	0.45
17.	Cartaban Nominees (Asing) Sdn Bhd Investors Bank and Trust Company for iShares, Inc.	1,894,400	0.36
18.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	1,849,400	0.35

# Statistics of Shareholdings

as at 30 January 2009

No.	Name	No. of Issued Shares	% of Issued Shares
19.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (U.A.E.)	1,809,190	0.34
20.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JP Morgan Chase Bank, National Association (U.K.)	1,662,000	0.32
21.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Credit Agricole Titres Brunoy	1,532,000	0.29
22.	Kumpulan Wang Simpanan Pekerja	1,500,000	0.29
23.	HSBC Nominees (Asing) Sdn Bhd HSBC-FS for Legg Mason Southeast Asia Special Situations Trust (201061)	1,433,000	0.27
24.	HSBC Nominees (Asing) Sdn Bhd TNTC for Unilever Pension Fund	1,406,200	0.27
25.	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Stichting PensioenFonds Metaal En Techniek	1,343,500	0.26
26.	Cartaban Nominees (Asing) Sdn Bhd The Governor and Company of the Bank of Ireland for IShares Public Limited Company	1,322,300	0.25
27.	Amanah Raya Nominees (Tempatan) Sdn Bhd Public Dividend Select Fund	1,265,000	0.24
28.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank (Ireland) Public Limited Company	1,234,400	0.23
29.	Citigroup Nominees (Asing) Sdn Bhd CBLDN for Winterthur Life UK Limited	1,126,800	0.21
30.	FA Securities Sdn Bhd IVT	1,126,181	0.21
<b>Total</b>		<b>344,701,750</b>	<b>65.54</b>

### Directors' Direct and Deemed Interests in the Company and/or its related corporations

The interests of the Directors in the shares of the Company as at 30 January 2009 including those of his/her spouse and child/children which are deemed interest of the Directors by reference to Section 134(12)(c) of the CA are maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 134 of the CA, details of which are as follows:

Name of Directors	Direct Interest		Spouse No. of Issued Shares	Deemed Interest	
	No. of Issued Shares	% of Issued Shares		Child No of Issued Shares	% of Issued Shares
Tun Mohamed Dzaiddin bin Haji Abdullah	100,000	0.02	–	6,000	0.001
Dato' Abdul Latif bin Abdullah	40,000	0.008	–	–	–
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	25,000	0.005	50,000	–	0.01
Dato' Tajuddin bin Atan	0	0.00	–	–	–
Datin Paduka Siti Sa'diah binti Sheikh Bakir	52,000	0.01	–	–	–
Dato' Dr. Thillainathan a/l Ramasamy	50,000	0.01	50,000	–	0.01
Dato' Sri Abdul Wahid bin Omar	10,000	0.002	–	–	–
Izham bin Yusoff	10,000	0.002	–	–	–
Dato' Wong Puan Wah @ Wong Sulong	0	0.00	–	–	–
Cheah Tek Kuang	50,000	0.01	–	14,000	0.003
Dato' Saiful Bahri bin Zainuddin	0	0.00	–	–	–
Ong Leong Huat @ Wong Joo Hwa	0	0.00	–	–	–
Dato' Yusli bin Mohamed Yusoff <sup>1</sup>	1,049,500	0.20	105,000	–	0.02
<b>Total</b>	<b>1,386,500</b>	<b>0.26</b>			

### Substantial Shareholders according to the Register of Substantial Shareholders as at 30 January 2009

No.	Name	No. of Issued Shares	% of Issued Shares
1.	CMDF <sup>2</sup>	97,700,001	18.58
2.	MOF Inc <sup>3</sup>	100,200,000	19.05
3.	Newton Investment Management Limited with its shareholding held under its nominees accounts, including Item 3 of the Top 30 Securities Account Holders i.e. Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Mellon Bank (ABNAMRO Mellon)	43,752,361	8.32

<sup>1</sup> Dato' Yusli who is entitled to subscribe up to 6,000,000 ordinary shares of RM0.50 each in Bursa Malaysia by virtue of the options granted to him pursuant to the ESOS over the five year duration of the ESOS (Option Period) had subscribed for 2,034,500 ordinary shares of RM0.50 each in 2005, 2006, 2007 and 2008. The remaining 3,965,500 options have not been vested and will be vested based on performance.

<sup>2</sup> Total shares held by CMDF should be 100,200,001 ordinary shares of RM0.50 each in Bursa Malaysia. 2,500,000 shares representing 0.47% of CMDF's shareholdings in Bursa Malaysia were utilised for onward lending by Central Lending Agency to borrowers under SBL.

<sup>3</sup> Total shares held by MOF Inc are set out in Items 2 and 4 of the Top 30 Securities Account Holders.

# Statistics of Shareholdings

as at 30 January 2009

## ESOS

In conjunction with the IPO of Bursa Malaysia on the Main Board of Bursa Malaysia Securities, options over 55,992,600 ordinary shares of RM0.50 each in the Company have been offered to the existing eligible employees over the Option Period, subject to extension or earlier determination in accordance with the ESOS Bye-Laws. A total of 4,064,700 options were granted to the employees in 2008, including 352,900 options which were granted to 52 new employees on 15 March 2008 at the exercise price of RM8.14, are vested. The allocation of options for each subsequent year over the remaining Option Period will be determined by the OC based on employees' performance rating in the respective years.

Bye-Laws 13.1 and 13.3 provide that the ESOS subscription price may be adjusted whenever there is an alteration in the capital structure of Bursa Malaysia during the Option Period by way of capital reduction (inclusive of "capital distribution") and any dividend charged or provided for in the accounts pertaining to any period shall be deemed to be a "capital distribution" unless the aggregate dividends declared or provided for the FY is less than 5% of the five-day weighted average market price (WAMP) of Bursa Malaysia shares immediately prior to the declaration of the dividend. As the aggregate of the interim, special and final dividends of 32 sen, 28 sen and 25 sen per share declared on 17 July 2007, 11 October 2007 and 3 April 2008 for the FY ended 31 December 2007 amounting to a total of 85 sen has exceeded 5% of the five-day WAMP of Bursa Malaysia shares immediately prior to the shareholders' approval of the final dividend on 3 April 2008, the said dividends declared was deemed as "capital distribution" pursuant to Bye-Law 13.3.

In this respect, the ESOS subscription price was adjusted with effect from 21 April 2008 in accordance with the following formula:

$$\text{Adjusted Subscription Price} = \text{Existing Subscription Price} \times \frac{(\text{Market price of Bursa Malaysia shares prior to Ex-Date} - (\text{Distribution amount per share}))}{(\text{Market price of Bursa Malaysia shares prior to Ex-Date})}$$

The subscription price adjustments for the existing employees are as follows:

Subscription Price (RM)	Adjusted Subscription Price (RM)	Number of Employees
2.28	2.06	498
2.83	2.56	1
3.11	2.81	1
3.78	3.41	16
4.99	4.50	1
5.38	4.86	1
8.82	7.96	42
8.14	–	52
<b>Total number of employees granted with options</b>		<b>612</b>

The number of shares allotted pursuant to the exercise of options under ESOS as at 30 January 2009 from 1 January 2008 is reflected in the changes in issued and paid-up share capital as set out in the table below.

No.	Date of Allotment/ (cancellation)	No. of Shares Allotted/ (cancelled)	Increase/ (Decrease) in Issued and Paid -up Share Capital (RM)	Consideration	Cumulative No. of Shares Allotted	Cumulative Issued and Paid-up Share Capital (RM)
1.	4-28 Jan 2008	26,900	13,450	Exercise of ESOS options	523,676,350	261,838,175
2.	19-25 Feb 2008	19,500	9,750	Exercise of ESOS options	523,695,850	261,847,925
3.	5-31 Mar 2008	8,300	4,150	Exercise of ESOS options	523,704,150	261,852,075
4.	3-30 Apr 2008	1,391,300	695,650	Exercise of ESOS options	525,095,450	262,547,725
5.	6-29 May 2008	146,300	73,150	Exercise of ESOS options	525,241,750	262,620,875
6.	4-30 Jun 2008	57,200	28,600	Exercise of ESOS options	525,298,950	262,649,475
7.	3-25 Jul 2008	235,600	117,800	Exercise of ESOS options	525,534,550	262,767,275
8.	11-29 Aug 2008	23,100	11,550	Exercise of ESOS options	525,557,650	262,778,825
9.	4-29 Sep 2008	122,300	61,150	Exercise of ESOS options	525,679,950	262,839,975
10.	7-30 Oct 2008	30,000	15,000	Exercise of ESOS options	525,709,950	262,854,975
11.	5-27 Nov 2008	133,500	66,750	Exercise of ESOS options	525,843,450	262,921,725
12.	3-30 Dec 2008	43,000	21,500	Exercise of ESOS options	525,886,450	262,943,225
13.	6-30 Jan 2009	16,200	8,100	Exercise of ESOS options	525,902,650	262,951,325

# Other Disclosures

The following information is provided in accordance with Paragraph 9.25 of Bursa Malaysia Securities LR as set out in Appendix 9C thereto.

**1. Utilisation of Proceeds Raised from Corporate Proposals**

There were no proceeds raised from corporate proposals during the financial year.

**2. Share Buy-back**

The Company had not made any proposal for share buy-back during the financial year.

**3. Options, Warrants or Convertible Securities**

The Company did not issue any options, warrants or convertible securities during the financial year, other than the granting of options under ESOS as disclosed in Note 27(b) to the financial statements (pages 128 to 130 of the Annual Report).

**4. American Depository Receipt (ADR)/Global Depository Receipt (GDR)**

The Company did not sponsor any ADR/GDR Programme during the financial year.

**5. Penalties**

There was no sanction and/or penalty imposed on the Company and its subsidiaries, Directors or management by relevant regulatory bodies during the financial year.

**6. Variation in Results**

There was no variation between the financial results in the Annual Audited Financial Statements 2008 and the audited financial results for the year ended 31 December 2008 announced by the Company on 4 February 2009.

**7. Profit Guarantee**

There was no profit guarantee for the financial year.

**8. Material Contracts**

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2008 or entered into since the end of the previous financial year.

**9. Revaluation Policy on Landed Properties**

The Group's policy is to conduct a review of the value of its landed properties at the end of each financial year. As the Group does not have any revalued properties as at the financial year end, any impairment to the carrying amounts of the landed properties will be recognised in profit or loss. Thus, the value of the landed properties is stated at cost less accumulated depreciation and impairment losses.

# Information for Shareholders

## on 32nd Annual General Meeting

The 32nd AGM of Bursa Malaysia will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, Bukit Kiara, 60000 Kuala Lumpur on Thursday, 2 April 2009 at 10.00 a.m.

The following proposed resolutions are set out in the Notice of 32nd AGM dated 11 March 2009 together with a Form of Proxy which are also available on Bursa Malaysia's website, [www.bursamalaysia.com](http://www.bursamalaysia.com). Only a depositor whose name appears on the ROD as at 4 March 2009 shall be given the Notice of 32nd AGM.

### Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2008 and Reports of the Directors and Auditors thereon. **Resolution 1**
2. To re-elect the following Directors who retire by rotation in accordance with Article 69 of the Company's Articles of Association and who being eligible offer themselves for re-election:
  - (1) Dato' Dr. Thillainathan a/l Ramasamy **Resolution 2**
  - (2) Encik Cheah Tek Kuang **Resolution 3**
  - (3) Datin Paduka Siti Sa'diah binti Sheikh Bakir **Resolution 4**
  - (4) Encik Izham bin Yusoff **Resolution 5**
3. To re-elect the following Directors who retire in accordance with Article 76 of the Company's Articles of Association and who being eligible offer themselves for re-election:
  - (1) Dato' Saiful Bahri bin Zainuddin **Resolution 6**
  - (2) Encik Ong Leong Huat @ Wong Joo Hwa **Resolution 7**
4. To approve payment of final dividend of 7.8 sen per share less 25% income tax in respect of the financial year ended 31 December 2008. **Resolution 8**
5. To approve the payment of Directors' fees amounting to RM60,000 per annum for the Non-Executive Chairman and RM40,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2008. **Resolution 9**
6. To appoint Messrs. Ernst & Young as Auditors of the Company and to authorise the Board of Directors to determine their remuneration. **Resolution 10**

### Special Business

7. To consider and if thought fit, to pass the following Ordinary Resolution:

"**THAT** pursuant to Section 132D of the Companies Act 1965, the Articles of Association of the Company and subject to the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered to issue shares of the Company, from time to time, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being in any one financial year and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company." **Resolution 11**

# Information for Shareholders

on 32nd Annual General Meeting

8. To consider and if thought fit, to pass the following Ordinary Resolution:

**“THAT** subject to Section 67A of the Companies Act 1965 (“the Act”) and Part IIIA of the Companies Regulations 1966, provisions of the Company’s Memorandum and Articles of Association, the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”) and any other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorised to make purchase(s) of ordinary shares of RM0.50 each in the Company’s issued and paid-up share capital on Bursa Malaysia Securities subject to the following:

- (1) the maximum number of shares which may be purchased and/or held by the Company shall be equivalent to 10% of the issued and paid-up share capital of the Company (“Shares”) for the time being;
- (2) the maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits and share premium account of the Company. As of 31 December 2008, the audited retained profits and share premium account of the Company were RM302,615,000 and RM70,736,000 respectively;
- (3) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and, unless renewed by an ordinary resolution passed by the shareholders of the Company in general meeting, will expire:
  - (a) at the conclusion of the next Annual General Meeting (“AGM”) of the Company, unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting; or
  - (b) upon the expiration of the period within which the next AGM after that date is required by the law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Listing Requirements of Bursa Malaysia Securities or any other relevant authority; and
- (4) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Shares in the following manner:
  - (a) cancel the Shares so purchased; or
  - (b) retain the Shares so purchased as treasury shares; or
  - (c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
  - (d) distribute the treasury shares as share dividends to shareholders and/or resell on Bursa Malaysia Securities and/or cancel all or part of them; orin any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Malaysia Securities and any other relevant authority for the time being in force;

**AND THAT** the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

**Resolution 12**

9. To consider and if thought fit, to pass the following Special Resolution in accordance with Section 129(6) of the Companies Act 1965:

**“THAT** Tun Mohamed Dzaidin bin Haji Abdullah, a Public Interest Director who retires pursuant to Section 129(2) of the Companies Act 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next annual general meeting of the Company.”

**Resolution 13**

10. To transact any other business of which due notice shall have been given in accordance with the Companies Act 1965 and the Company’s Articles of Association.

The General Meeting ROD as at 26 March 2009 will determine a member who shall be entitled to attend the 32nd AGM or appoint proxies to attend and/or vote on his/her behalf.



# Abbreviations

<b>A</b>	
AA	Company's Articles of Association
AC	Audit Committee
ACCA	Association of Chartered Certified Accountants
ADA/ADAs	Authorised Depository Agent or its plural
ADM	Authorised Depository Members
AGM	Annual General Meeting
ALD	Authority Limits Document
APC	Appeals Committee
ASCM	Association of Stockbroking Companies of Malaysia
ASEAN	Association of Southeast Asian Nations
<b>B</b>	
BCP	Business Continuity Plan
BEE	Board Effectiveness Evaluation
BNM	Bank Negara Malaysia
Board	Board of Directors
BPIP	Board Performance Improvement Programme
BT	Bursa Trade
BTD	Bursa Trade Derivatives
BTS	Bursa Trade Securities
Bursa LINK	Bursa Listing Information Network
Bursa Malaysia	Bursa Malaysia Berhad
<b>C</b>	
CA	Companies Act 1965
CAPEX	Capital Expenditure
CAR	Capital Adequacy Ratio
CBS	Corporate Balanced Scorecard
CBRS	CMDF-Bursa Research Scheme
CC	Compensation Committee
CCCB	Customer Care & Complaint Bureau
CDS	Central Depository System
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CFTC	Commodity Futures Trading Commission
CG	Corporate Governance
CG Code	Malaysian Code on Corporate Governance and its revision dated 1 October 2007
CHRO	Chief Human Resource Officer
CIO	Chief Information Officer
CMDF	Capital Market Development Fund
CMH	Commodity Murabahah House
CMOO	Chief Market Operations Officer
CMSA	Capital Markets and Services Act 2007
COI	Conflicts of interest
Company	Bursa Malaysia Berhad
COO	Chief Operating Officer
CPO	Crude Palm Oil
CP/CPs	Clearing Participant or its plural
CRM	Corporate Risk Management
CRO	Chief Regulatory Officer
CSR	Corporate Social Responsibility
<b>D</b>	
DBT	Direct Business Transaction (in accounts is referred to as Direct Business Trade)
DC	Disciplinary Committee (dissolved on 11 May 2008)
DMA	Direct Market Access
DR	Disaster Recovery
D&O	Directors and Officers
<b>E</b>	
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
ECOS	Electronic Client Order System
EPF	Employees Provident Fund
ERM	Enterprise Risk Management
ESOS	Employees' Share Option Scheme
ETF/ETFs	Exchange Traded Fund or its plural
ETP	Electronic Trading Platform
<b>F</b>	
FBM	FTSE Bursa Malaysia
FCPO	Crude Palm Oil Futures
FKLI	Kuala Lumpur Composite Index Futures
FOW	Futures & Options World
FRS/FRSs	Financial Reporting Standard or its plural
FTSE	Financial Times Stock Exchange
FUPO	USD Crude Palm Oil Futures
FY2007	Financial year ended 31 December 2007
FY2008	Financial year ended 31 December 2008
FY2009	Financial year ending 31 December 2009
<b>G</b>	
GHR	Group Human Resources
Group	Bursa Malaysia Berhad and its group of companies
<b>H</b>	
Hons	Honours
<b>I</b>	
IA	Internal Audit
IAC	Investment Advisory Committee (dissolved on 4 February 2009)
ICM	Islamic Capital Market
IPO/IPOs	Initial Public Offering or its plural
IR	Investor Relations
IRGR	Investor Relations Global Rankings
IRIP	Investor Relations Incentive Programme
IS	Information System
ISS	Institutional Settlement Services
IT	Information Technology
<b>J</b>	
JPY	Japanese Yen
<b>K</b>	
KLCI	Kuala Lumpur Composite Index
KPI/KPIs	Key Performance Indicator or its plural

# Abbreviations

<b>L</b>			
LC	Listing Committee		
LFX	Labuan International Financial Exchange		
LR	Listing Requirements of Bursa Malaysia Securities Berhad		
LTI	Long Term Incentives		
<b>M</b>			
MAICSA	Malaysian Institute of Chartered Secretaries and Administrators		
MIA	Malaysian Institute of Accountants		
MICM	Malaysia Islamic Capital Market Conference		
MICPA	Malaysian Institute of Certified Public Accountants		
MIRA	Malaysian Investor Relations Association		
MOF	Minister of Finance		
MOF Inc	Minister of Finance, Incorporated		
MOU	Memorandum of Understanding		
MPC	Market Participants Committee (established on 12 May 2008)		
MSWG	Minority Shareholder Watchdog Group		
MyETF-DJIM25	MyETF Dow Jones Islamic Market Malaysia Titans 25		
<b>N</b>			
NED/NEDs	Non-Executive Director or its plural		
NRC	Nomination and Remuneration Committee		
NYSE	New York Stock Exchange		
<b>O</b>			
OC	Option Committee		
OMT	On Market Transactions		
OPEX	Operating Expenditure		
OTC	Over the Counter		
<b>P</b>			
PAT	Profit After Tax		
PBT	Profit Before Tax		
PC	Participation Committee (dissolved on 11 May 2008)		
PID/PIDs	Public Interest Director or its plural		
PLC/PLCs	Public Listed Company or its plural		
PO/POs	Participating Organisation or its plural		
PwCAS	PricewaterhouseCoopers Advisory Services Sdn Bhd		
<b>R</b>			
REIT/REITs	Real Estate Investment Trusts or its plural		
RENTAS	Real-Time Electronic Transfer of Funds and Securities Systems		
RDC	Rules and Development Committee (dissolved on 4 February 2009)		
RM	Ringgit Malaysia		
RMC	Risk Management Committee		
ROD	Record of Depositors		
ROE	Return on Equity		
RSS	Regulated Short Selling		
RWCR	Risk Weighted Capital Ratio		
<b>S</b>			
SBL	Securities Borrowing and Lending		
SC	Securities Commission		
SCORE	System on Computerised Order Routing and Execution		
SDN BHD	Sendirian Berhad		
SPEEDS	Sub-Division of Shares, Shares Consolidation and Bonus Issue Exercise in the CDS		
STI	Short Term Incentives		
SW/SWs	Structured Warrant or its plural		
<b>T</b>			
TCP/TCPs	Trading Clearing Participant or its plural		
TOR/TORs	Terms of Reference or its plural		
TP/TPs	Trading Participant or its plural		
<b>U</b>			
UK	United Kingdom		
US	United States		
USD	United States Dollar		
<b>W</b>			
WAEIR	Weighted Average Effective Interest Rates		
WAEP	Weighted Average Exercise Prices		
WAMP	Weighted Average Market Price		





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