Bursa Malaysia Berhad 30632-P

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CERTIFIED TO ISO 9001: 2008
CERT. NO.: AR4441

CERTIFIED TO ISO 14001: 2004
CERT. NO.: ER0557

Bursa Malaysia Berhad 30632-P

Strength + Foresight = Growing Value

annual report 2010

BURSA MALAYSIA

ANNUAL REPORT 2010

Strength + Foresight = Growing Value

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.

CONTENTS

CORPORATE REVIEW

FINANCIAL REPORT

ADDITIONAL INFORMATION

Your Preferred Investment Destination

There are nearly 1,000 companies listed on our Exchange, representing a wide range of businesses offering some of the most attractive dividend yields in the Asia Pacific Region. 88% of our companies are Shari'ah compliant, accounting for approximately 63% of overall market capitalisation. We are a leader in Islamic capital market products and services, and home to the world's most successful crude palm oil futures contract. Our world class infrastructure makes us easily accessible and, today, Bursa Malaysia serves investors from over 60 nations.

A Market of Integrity

As a responsible market operator, ensuring a fair and orderly market is Bursa Malaysia's principal regulatory objective. We take a progressive approach to our regulatory role, which ensures we maintain high standards of conduct and operations, while continuously developing market products and capabilities.

Our Strategy

We have established a special niche in commodities and Islamic markets, which remains our focus while we continue growing our core businesses. We are committed to maintaining sustainable performance and the creation of long term shareholder value.

Bursa Malaysia
At A Glance

Our Business

We are an exchange holding company, established in 1973 and listed in 2005. We operate and regulate a fully-integrated exchange that offers a comprehensive range of exchange-related facilities, including listing, trading, clearing, settlement and depository services.

Bursa Malaysia has a spread of progressive products and services covering equities, derivatives, offshore listings and services, bonds and Islamic offerings.

Diversified Offerings

MARKETS		
Securities	**Two Markets:** • Main Market: 844 companies • ACE Market: 113 companies	**Market Capitalisation as at 31 December 2010:** RM1,275 billion **Products**: • Shares • TSR/Warrants • REITs • CBBCs • ETFs • Loans • Bonds
Derivatives	**Derivatives Products:** • Commodity futures • Equity futures	• Equity options • Financial futures
Islamic Offerings	• Sukuk • Shari'ah compliant equities	• i-REITs • i-ETFs • Bursa Suq Al-Sila'
Others	**Bond Market** Electronic trading platform for: • Government Bonds • Corporate Bonds	**Offshore Market** • Non-Ringgit securities • Sukuk listing

SERVICES

- Listing
- Trading
- Clearing
- Settlement
- Depository

Integrated Products and Services

Complex < Accessible

We choose to keep it simple and
make it easy for everyone.

Financial Highlights

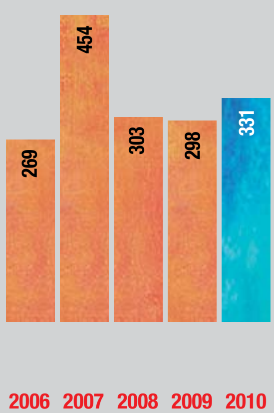
	31 DEC 2006	31 DEC 2007	31 DEC 2008	31 DEC 2009	31 DEC 2010
Key Results (RM Million)					
Operating Revenue[1]	269.1	453.5	302.5	297.8	**331.3**
Operating Expenses	148.4	172.3	185.4	182.6	**196.7**
Operating EBITDA[1]	136.7	295.2	137.6	154.1	**177.8**
Profit Attributable to Equity Holders of the Company	108.1	240.6	104.4	177.6[3]	**113.0**
Other Key Data (RM Million)					
Total Assets	1,407.4	1,447.0	1,729.9	1,786.6	**1,708.3**
Total Liabilities	598.0	666.8	997.6	938.0	**844.7**
Shareholders' Funds	809.4	780.2	732.3	840.0	**852.3**
Capital Expenditure	10.5	39.9	34.0	22.1	**21.9**
Cash from Operating Activities[2]	122.1	234.3	92.9	118.9	**153.9**
Financial Ratios (%)					
Operating Revenue Growth[1]	36.6	68.5	(33.3)	(1.5)	**11.2**
Derivatives Trading and Stable Revenue to Operating Expenses	73.3	80.4	79.2	77.8	**74.0**
Operating EBITDA Margin[1]	50.8	65.1	45.5	51.7	**53.7**
Net Profit Margin	35.8	48.9	31.5	44.1[3]	**32.0**
Return On Equity	12.8	30.3	13.8	22.6[3]	**13.4**
Share Information					
Basic Earnings Per Share (sen)	20.94	46.11	19.89	33.70	**21.29**
Net Dividends Per Share (sen)	39.38	62.30	18.06	17.83	**20.00**
Net Assets Per Share (RM)	1.56	1.49	1.39	1.59	**1.60**
Share Price – High (RM)	8.35	16.90	16.30	8.59	**8.66**
Share Price – Low (RM)	3.66	8.00	4.68	4.36	**6.75**
Share Price As At 31 December (RM)	8.05	14.30	5.15	7.99	**7.80**
Price-Earnings Ratio (times)	39	31	26	24	**37**
Company Market Capitalisation (RM billion)	4.18	7.49	2.71	4.22	**4.14**

1 Key items reclassified from other income to operating revenue include interest earned from participants' contribution and conference fees and exhibition related income.

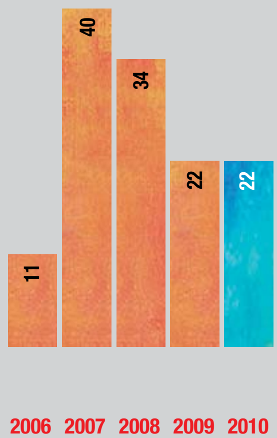
2 Comparative figures have been restated to exclude participants' contributions and collaterals.

3 The results and ratios for 2009 which excludes the gain on part disposal of a subsidiary are as follows:
(i) Profit attributable to equity holders of the Company: RM101.6 million
(ii) Net profit margin: 31.1%
(iii) ROE: 13.6%

Operating Revenue
(RM million)

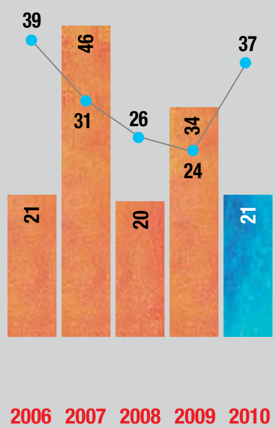


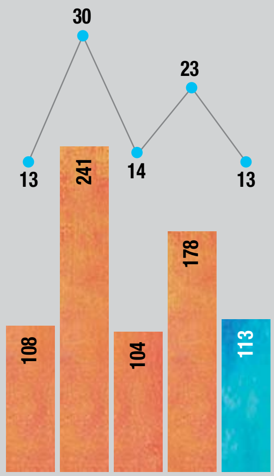
Capital Expenditure
(RM million)



Earnings Per Share & Price-Earnings Ratio

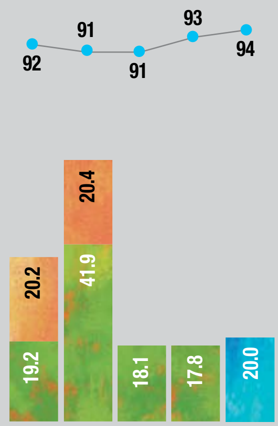
Earnings Per Share (sen)
Price-Earnings Ratio (times)





Profit Attributable to Equity Holders of the Company & Return On Equity

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



Net Dividends

Ordinary Dividend (sen)
Special Dividend (sen)
Dividend Payout Ratio (%)

Market Highlights

	31 DEC 2006	31 DEC 2007	31 DEC 2008	31 DEC 2009	31 DEC 2010
Securities Market					
KLCI/FBM KLCI	1,096.24	1,445.03	876.75	1,272.78	**1,518.91**
Market Capitalisation (RM billion)	849	1,106	664	999	**1275**
Velocity (%)	33.9	52.8	33.7	34.0	**33.0**
Daily Average Trading Volume – OMT & DBT (million shares)	876	1,548	631	1,000	**1,021**
Daily Average Trading Volume – OMT (million shares)	803	1,457	576	945	**953**
Daily Average Trading Value – OMT & DBT (RM million)	1,129	2,346	1,278	1,221	**1,574**
Daily Average Trading Value – OMT (RM million)	1,019	2,179	1,181	1,129	**1,454**
Total Trading Volume – OMT & DBT (billion shares)	215	384	154	248	**253**
Total Trading Value – OMT & DBT (RM billion)	278	582	313	303	**390**
Total Funds Raised (RM billion)	4.6	10.6	6.1	27.8	**33.0**
New Listings – IPOs (including REITs)	40	26	23	14	**29**
New Listings – ETFs	0	1	1	0	**2**
New Listings – Structured Warrants	21	154	81	124	**204**
No. of ISS Instructions Cleared and Settled ('000)	290	444	389	326	**369**
No. of PLCs	1,027	987	977	960	**957**
No. of Listed REITs	10	13	13	12	**14**
No. of Listed ETFs	1	2	3	3	**5**
No. of Listed Structured Warrants	33	120	48	137	**225**
No. of Rights & Bonus Issues	70	137	132	52	**77**
No. of New CDS Accounts Opened	133,833	190,864	157,687	161,100	**157,911**
No. of Total CDS Accounts (million)	3.6	3.8	3.9	4.0	**4.1**
No. of Trading Days	246	248	245	248	**248**
No. of Participating Organisations of Bursa Malaysia Securities	34	34	34	34	**35**
Derivatives Market					
Open Positions ('000)	159	125	156	123	**132**
No. of Contracts Traded:					
• Crude Palm Oil Futures (million)	2.2	2.8	3.0	4.0	**4.1**
• KLCI Futures (million)	1.6	3.2	2.9	2.0	**2.0**
• 3-Month KLIBOR Futures	272,502	239,314	195,193	126,690	**95,477**
Daily Average No. of Contracts Traded	16,915	25,010	24,878	24,749	**24,818**
Total Contracts Traded (million)	4.2	6.2	6.1	6.1	**6.2**
No. of Trading Participants of Bursa Malaysia Derivatives	15	17	20	19	**20**
Islamic Market					
No. of Sukuk Listings on Bursa Malaysia Securities*	–	–	–	12	**19**
Value of Sukuk Listings (USD billion)	–	–	–	17.6	**27.7**
% of Shari'ah Compliant:					
• PLCs	85.8	85.5	87.0	88.0	**87.8**
• ETFs	–	–	47.2	55.7	**50.2**
• REITs	22.9	26.2	30.5	34.7	**22.3**
• Market Capitalisation	64.6	63.7	64.2	63.8	**62.8**
Bursa Suq Al-Sila'^:					
• Daily Average Value Commodity Traded (RM million)	–	–	–	69.6	**351.0**
• Daily Average Value Commodity Offered (RM million)	–	–	–	85.8	**241.6**
• Total Value Commodity Traded (RM million)	–	–	–	6,472.3	**90,219.0**
• Total Value Commodity Offered (RM million)	–	–	–	7,977.3	**62,079.4**
• Total no. of Matched Contracts	–	–	–	370	**2,273**
• No. of Trading Days	–	–	–	93	**257**
• No. of Trading Participants	–	–	–	16	**33**

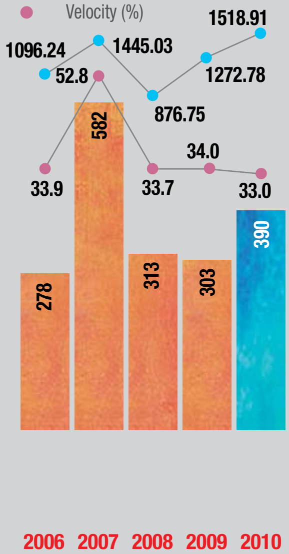
* *Sukuk listing was introduced in December 2008*

^ *Bursa Suq Al-Sila' was launched in August 2009*

Securities Market

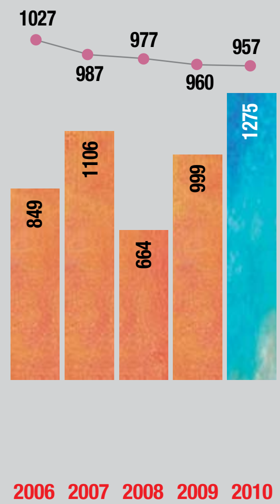
Trading Value, KLCI/ FBM KLCI & Velocity

Total Value (RM billion)
KLCI/FBM KLCI (year close)
Velocity (%)



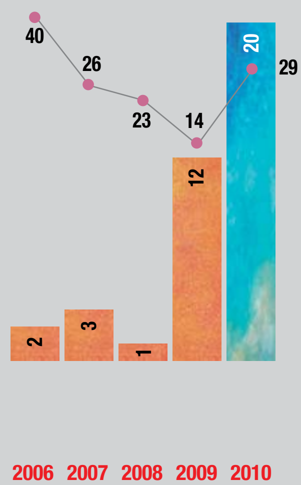
Market Capitalisation and Number of PLCs

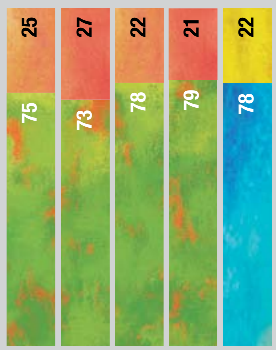
Total Market Capitalisation (RM billion)
Number of PLCs



Number of IPOs and Funds Raised from IPOs

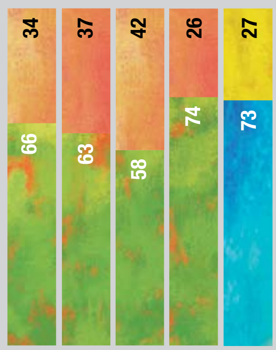
Total Funds Raised from IPOs, including REITs (RM billion)
Total No. of IPOs (including REITs)





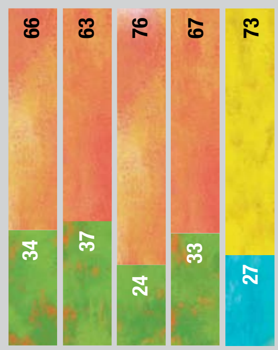
Share Ownership Local vs Foreign (%)

Local Investors
Foreign Investors



Market Demography by Trading Value Domestic vs Foreign (%)

Domestic Investors
Foreign Investors

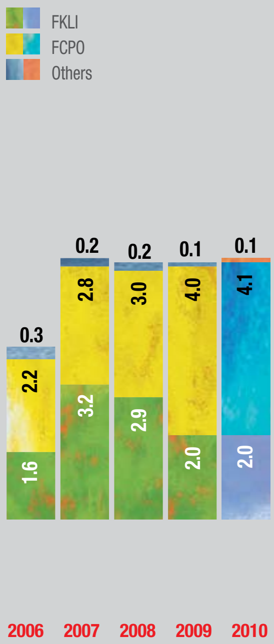


Market Demography by Trading Value Retail vs Institutions (%)

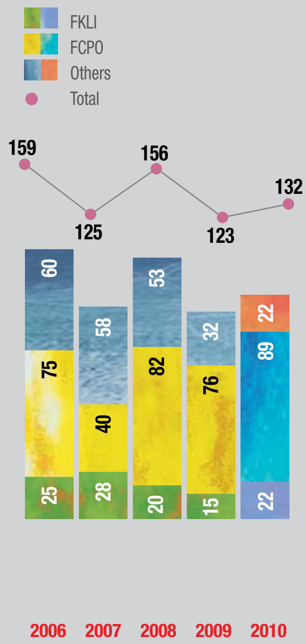
Retail
Institutions

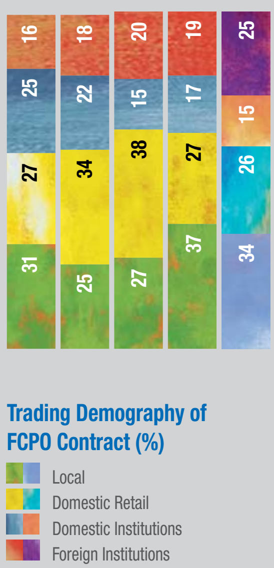
Derivatives Market

Total Contracts Traded (million)

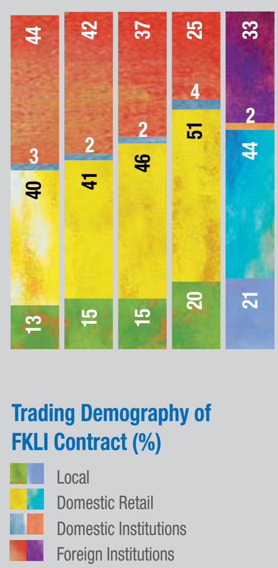


Open Position ('000)





Trading Demography of FCPO Contract (%)



Trading Demography of FKLI Contract (%)

Note: Local – License trader who has the right to trade only for himself, futures contract listed on BMD

2010 Business Highlights

A Year of Development and Recognitions

Building Quality

- Continued market education & engagement
- Enhancing the standard of Corporate Governance

Enhancing Efficiency

- Introduction of new e-Services
- Internet trading for futures products

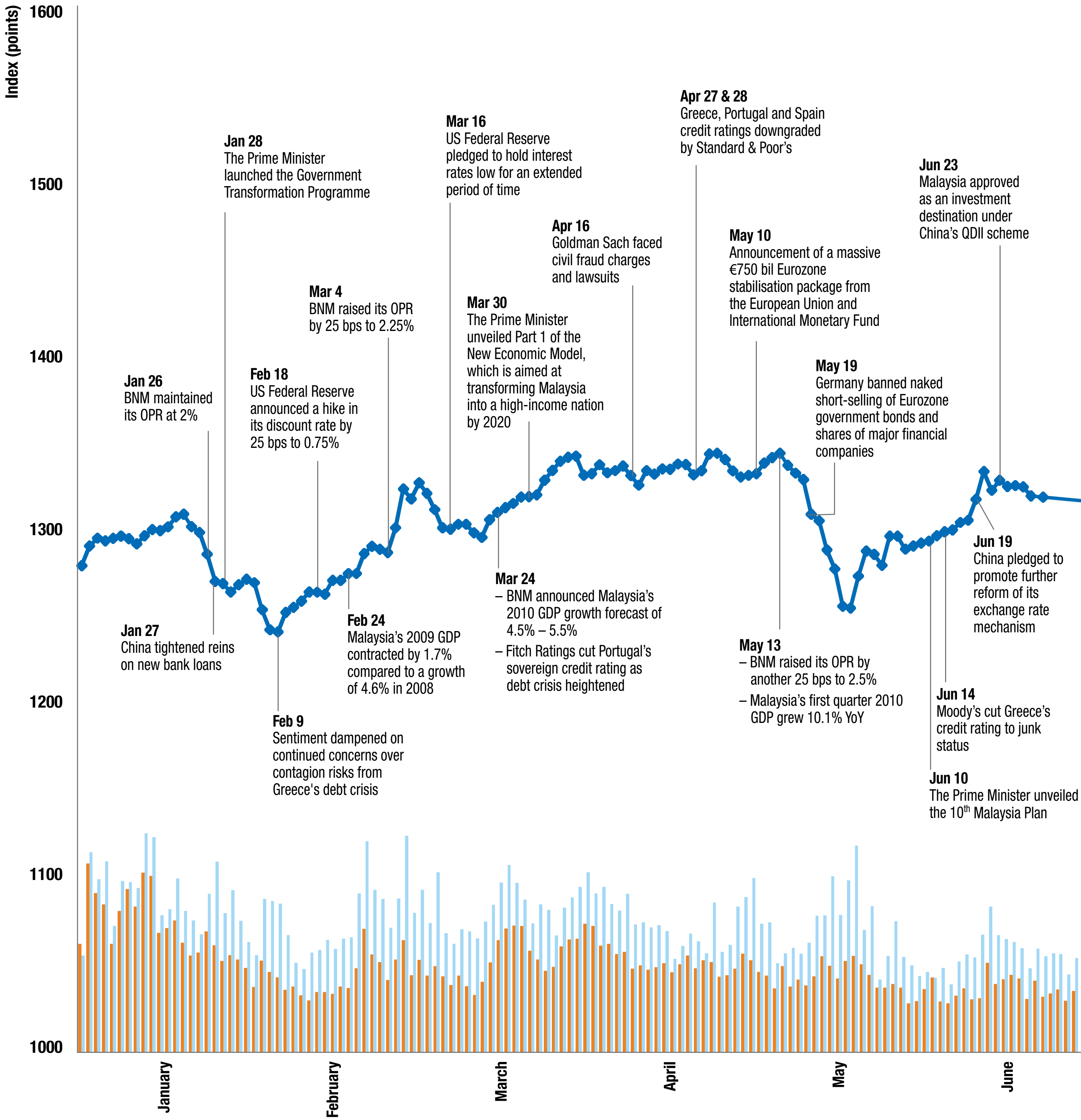
Strengthening Liquidity

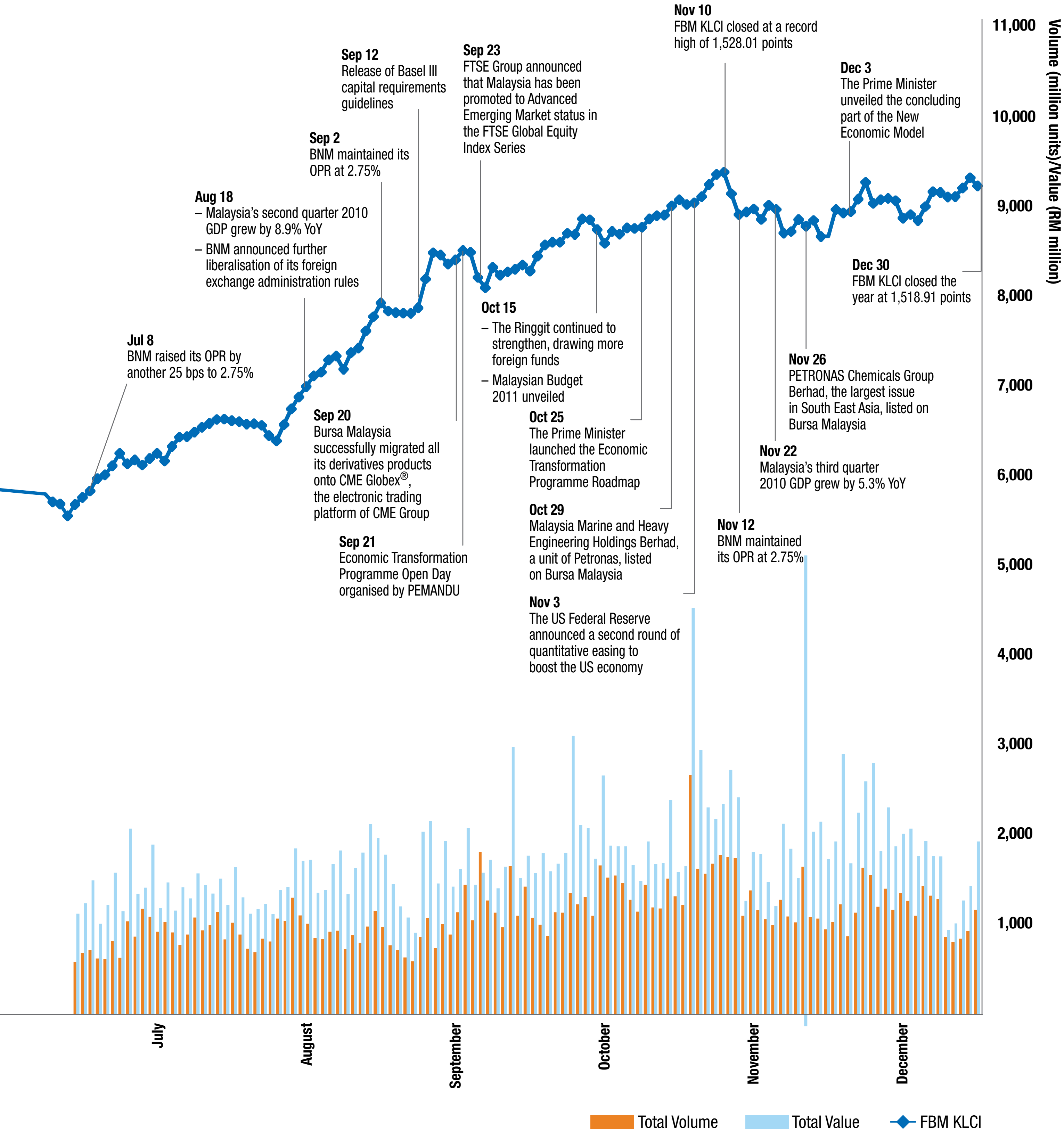
- Listing of Callable Bull Bear Certificates, Exchange Traded Funds and Real Estate Investment Trusts
- Migration of Malaysian derivatives products onto CME Globex® electronic trading platform
- Retail rejuvenation programme

Internationalising Our Market

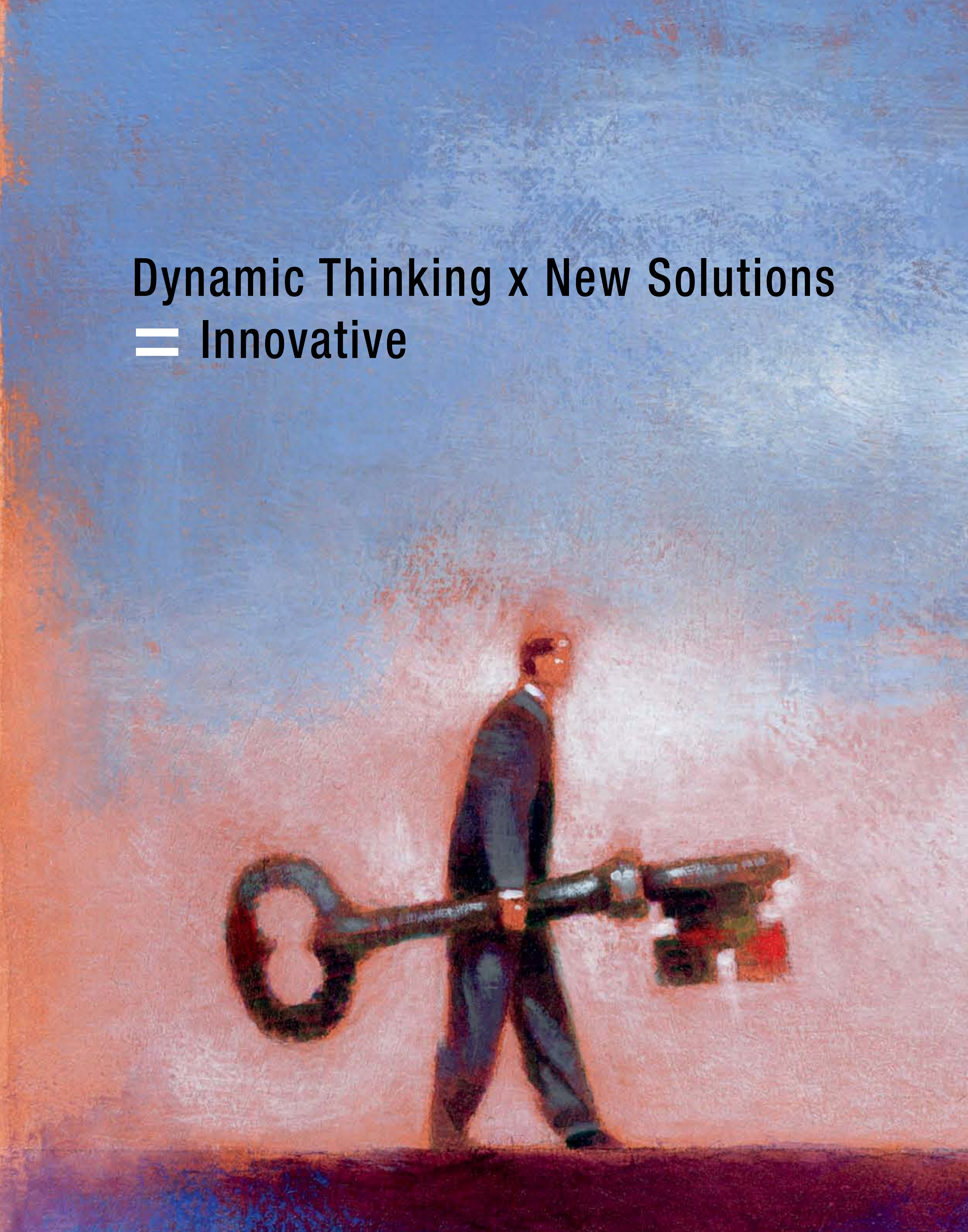
- CME's Kuala Lumpur Hub as gateway for derivatives products trading
- China Banking Regulatory Commission recognition of Malaysia as an approved Qualified Domestic Institutional Investor destination
- US Commodity Futures Trading Commission approves Malaysian Futures brokers to deal with US customers
- FTSE upgrades Malaysia to 'Advanced Emerging Market' status
- 'Designated Offshore Securities Market' recognition by US Securities Exchange and Commission
- Continued development of ASEAN Link
- Continued profiling of Islamic Markets

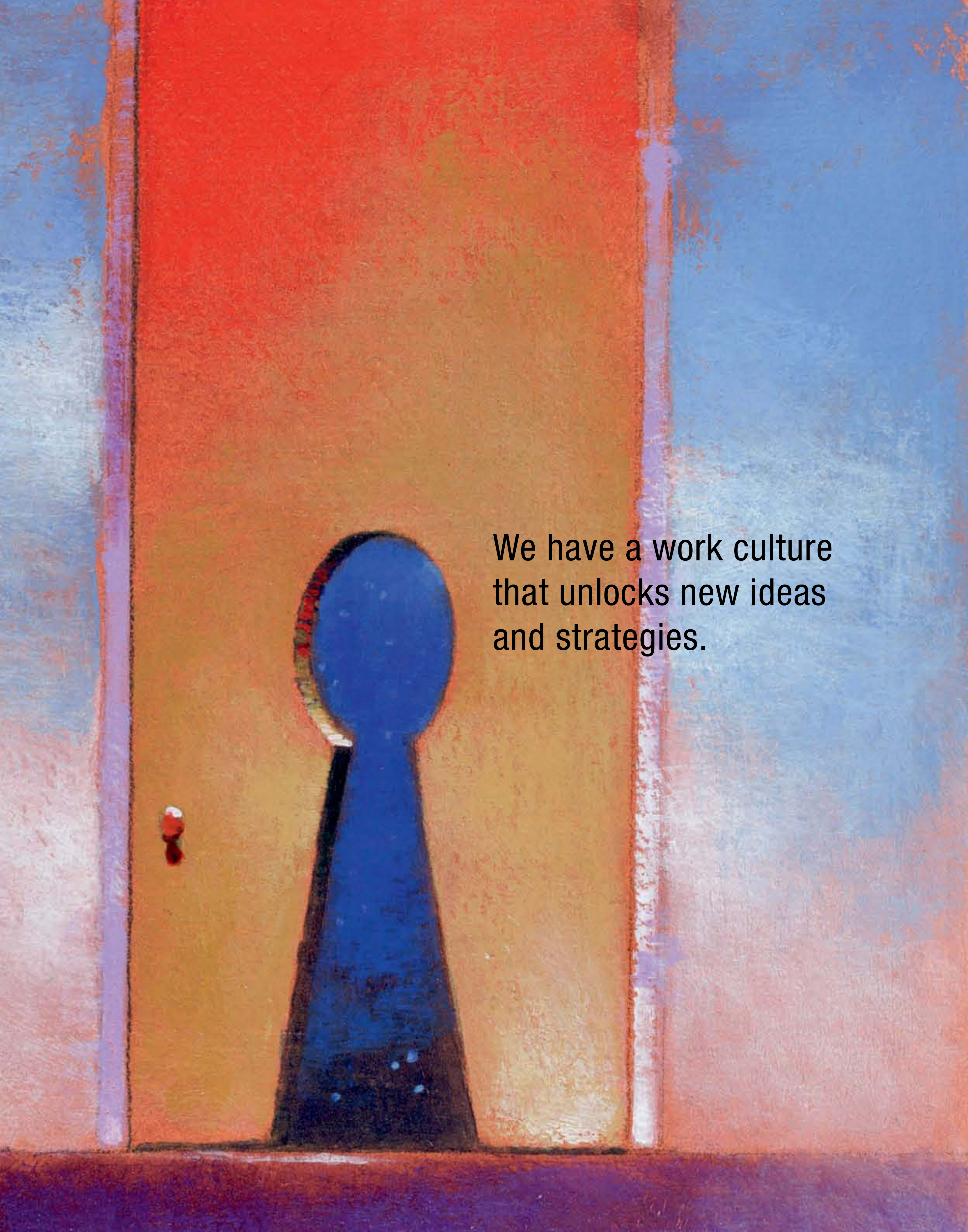
Market Performance




Nov 10
FBM KLCI closed at a record high of 1,528.01 points
Sep 12
Release of Basel III capital requirements guidelines
Sep 23
FTSE Group announced that Malaysia has been promoted to Advanced Emerging Market status in the FTSE Global Equity Index Series
Dec 3
The Prime Minister unveiled the concluding part of the New Economic Model
Sep 2
BNM maintained its OPR at 2.75%
Aug 18
– Malaysia's second quarter 2010 GDP grew by 8.9% YoY
– BNM announced further liberalisation of its foreign exchange administration rules
Dec 30
FBM KLCI closed the year at 1,518.91 points
Oct 15
– The Ringgit continued to strengthen, drawing more foreign funds
– Malaysian Budget 2011 unveiled
Jul 8
BNM raised its OPR by another 25 bps to 2.75%
Nov 26
PETRONAS Chemicals Group Berhad, the largest issue in South East Asia, listed on Bursa Malaysia
Sep 20
Bursa Malaysia successfully migrated all its derivatives products onto CME Globex®, the electronic trading platform of CME Group
Oct 25
The Prime Minister launched the Economic Transformation Programme Roadmap
Nov 22
Malaysia's third quarter 2010 GDP grew by 5.3% YoY
Oct 29
Malaysia Marine and Heavy Engineering Holdings Berhad, a unit of Petronas, listed on Bursa Malaysia
Nov 12
BNM maintained its OPR at 2.75%
Sep 21
Economic Transformation Programme Open Day organised by PEMANDU
Nov 3
The US Federal Reserve announced a second round of quantitative easing to boost the US economy
11,000
10,000
9,000
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
Volume (million units)/Value (RM million)
July
August
September
October
November
December
Total Volume
Total Value
FBM KLCI

Dynamic Thinking x New Solutions = Innovative





We have a work culture
that unlocks new ideas
and strategies.

Chairman's Message

Dear Shareholders,

Some years are times of significant development and the setting of new foundations; others are times of building on those foundations. In 2010, we experienced our first full year of the new market regime with the Main and ACE markets, and our first full year under the FBM KLCI as our leading index. We also made strides on the derivatives front in our smart partnership with CME, and retained our leadership as the global listing destination for sukuk. In every respect, I am glad to say, the results were satisfactory.

In November, we introduced a Business Sustainability Programme, launched by the Honourable Prime Minister. The aim of the programme is to encourage listed companies to practise sustainability in a more meaningful way and to report effectively on their strategies and activities designed to ensure their own endurance and profitability. The Government announced ambitious plans to transform us into a high income economy, and sustainability is vital if this is to be achieved on a national scale.

Tun Mohamed Dzaiddin bin Haji Abdullah
Chairman

For our markets, achieving international recognition and transforming Bursa Malaysia into a globally accessible investment destination are essentials. Of the various milestones achieved in 2010, four stand out.

The promotion by FTSE of Bursa Malaysia from the previous 'Secondary Emerging Market' status to an 'Advanced Emerging Market' was confirmation that our efforts to enhance our relevance and efficiency have been recognised internationally, and our new status now gives us appeal to a wider investment audience.

In a similar vein, the recognition of Malaysia as an approved investment destination by the China Banking Regulatory Commission opens the door for large numbers of qualified Chinese institutional investors to explore investment opportunities in our markets.

Our future depends very much on our ability to adapt to change and lead the way in innovation, especially in aspects that differentiate us from other markets like our strengths in commodities and Islamic offerings.

The successful September migration of our entire range of derivatives products onto the CME Globex® electronic trading platform makes these offerings accessible to an international audience. Separately, approvals from the US securities and commodities trading regulators have opened the way for US investors to trade directly on our markets.

Finally, our efforts to build a strong presence in Islamic financial offerings gained additional recognition. Bursa Malaysia retained its global leadership role as a sukuk listing and funding destination. Also, our unique Shari'ah compliant commodities trading platform, Bursa Suq Al-Sila', drew awards and, more importantly, a wider base of activity from an international member base.

On the matter of financial results, we achieved a profit after tax of RM113 million in 2010. After excluding the one-off gain from the disposal to CME of a 25% interest in Bursa Malaysia Derivatives in 2009, we saw a 11% increase on the normalised results achieved in the previous year. Our policy to distribute the majority of our earnings to shareholders was maintained. We paid an interim tax-exempt dividend of 9.5 sen per share and, based on our full year results, we are now proposing an additional final tax-exempt dividend of 10.5 sen. This will bring the total payout to 94% of our after tax profit for the financial year 2010.

One of Bursa Malaysia's responsibilities is to act as a model PLC. It was especially pleasing, therefore, to have performed well yet again in December's Malaysian Corporate Governance Index awards, an annual event conducted by the Minority Shareholders Watchdog Group. For the second year in a row, Bursa Malaysia was given special recognition with a Top Three (Overall) Award for excellence in corporate governance. We also achieved a Distinction Award and a Special Transparency Award, demonstrating that we do not just preach good corporate governance; we apply the practices we recommend.

Underscoring all these efforts is our continuous engagement to increase the level of awareness of the markets' offerings, as well as build the pipeline of retail investors. Our focus on younger members of the population continued with various presentations designed to explain the basics of investing and how the financial markets operate. We do this through education seminars called 'Market Chat' and 'Talk Futures'.

Internationally, we gained further recognition with our awareness campaigns where, together with key Malaysian corporate enterprises and regulatory bodies, we met with investors in Asia and Europe, to share the strengths and potential of our markets.

Sustainability is not just about protecting our markets and building our competitive position. Our challenges extend beyond creating niches or centres of excellence; we must also enhance our internal resources and capabilities. Investing intelligently in leading edge technology is an obvious example, but systems and processes are dependent on people at the end of the day. Bursa Malaysia will continue to invest, therefore, on staff development, education, talent recruitment and commensurate rewards.

We still have much to do to achieve greater vibrancy, velocity, volume and value. 2011 will see the continuation of many of the initiatives aimed at driving the attractiveness of our market.

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 CMSA

Date of Appointment: 1 March 2004

Tun Mohamed Dzaiddin bin Haji Abdullah is a Malaysian, aged 73. He is a former Chief Justice of Malaysia, a Barrister of the Middle Temple, England, an advocate and solicitor of the High Court of Malaya and a Fellow of the Singapore Institute of Arbitrators. Tun Dzaiddin is a former Vice President of the Malaysian Bar and President of ASEAN Law Association. He had a distinguished career in the Malaysian Judiciary, serving as a Judge in the High Court, the Supreme Court and the Federal Court between 1982 and 2000, when he was elevated to become the 9th Chief Justice of Malaysia. He retired in March 2003. Tun Dzaiddin 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, Chairman of Deutsche Bank (Malaysia) Berhad and Chairman of the Tun Mohamed Suffian Foundation. He is also a member of the Corporate Governance Consultative Committee established by the SC.

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 is a Malaysian, aged 51. He 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.

In 1983, Dato' Tajuddin joined Bank Bumiputra Malaysia Berhad, where he held a number of senior positions, with a final position as Treasurer, Treasury Division of Bumiputra Commerce Bank Berhad. From July 2001 to September 2004 he was the Managing Director of Chase Perdana Berhad, and then joined Bank Simpanan Nasional as CEO from October 2004 to November 2007. Dato' Tajuddin was the President/Group Managing Director of Bank Pembangunan Malaysia Berhad from December 2007 to April 2009. He has been the Managing Director of RHB Bank Berhad and Group Managing Director of RHB Capital Berhad since May 2009 and July 2009 respectively. He sits on the Board of Directors of RHB Capital Berhad, RHB Bank Berhad and several private limited companies within RHB Capital Berhad Group.

Dato' Tajuddin holds directorships in ASEAN Finance Corporation Limited, Malaysian Electronic Payment System Sdn Bhd and Financial Park (Labuan) Sdn Bhd. He is an independent non-executive director of Amanah Ikhtiar Malaysia where he currently chairs the Special Committee for the Urban Poor Micro Finance Programme. Dato' Tajuddin is also a non-executive member of SME Corp Malaysia, as well as a Council Member of the Association of Banks in Malaysia and the Institut Bank-Bank Malaysia as well as an Adjunct Professor at the Faculty of Economics and Management of Universiti Putra Malaysia and the College of Arts and Sciences of Universiti Utara Malaysia.

Dato' Tajuddin bin Atan

DATUK DR. MD TAP BIN SALLEH

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 2010

Datuk Dr. Md Tap bin Salleh is a Malaysian, aged 61. He graduated with a Bachelor of Arts (Hon) from Monash University, Australia, a Master of Science (Social Planning) from the University of Wales, United Kingdom and he holds a PhD (Development Planning) from the University of Bath, United Kingdom.

Datuk Dr. Md Tap served as Deputy Director, Governance & Institution Development of the Commonwealth Secretariat in London from 1996 to 2002. He became Deputy Secretary General of the Ministry of Tourism from 2003 to 2004 and Secretary General of the Ministry of Rural & Regional Development from 2004 to 2006. Datuk Dr. Md Tap is the President of Malaysian Institute of Integrity, a position he has held since 2007.

Datuk Dr. Md Tap bin Salleh

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir

DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR

Non-Executive Director and Public Interest Director, appointed by the Minister of Finance pursuant to Section 10 of the CMSA

Date of Appointment: 5 August 2010

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir is a Malaysian, aged 64. He graduated with a Bachelor of Arts (Hons) degree from the University of Malaya in 1971. He obtained a Masters of Business Administration degree from the University of Massachussets, USA in 1977 and a PhD (Business Management) from Virginia Polytechnic Institute and State University, USA in 1986. He also obtained a Bachelor of Jurisprudence (Hons) degree from the University of Malaya in 2005, a Certificate in Legal Practice from the Malaysian Professional Legal Board in 2008 and a Masters of Law (Corporate Law) degree from Universiti Teknologi MARA (UiTM) in 2009.

Datuk Dr. Syed Muhamad began his career in 1973 as Senior Project Officer, School of Financial Management at the National Institute of Public Administration and held various positions before his final appointment as Deputy Director (Academic). In November 1988, he joined the Ministry of Education as Secretary of Higher Education and thereafter assumed the post of Deputy Secretary (Foreign and Domestic Borrowing, Debt Management) Finance Division, Federal Treasury. From 1993 to 1997, he was a member of the Board of Directors of Asian Development Bank, Manila, Philippines, first as Alternate Director and later as Executive Director. He joined the Ministry of Finance as Secretary (Tax Division) in 1997 and subsequently became the Deputy Secretary General (Operations) of the Ministry of Finance. Prior to his retirement in 2003, he was Secretary General of the Ministry of Human Resources.

During his career, he wrote and presented a number of papers relating to human resources development. His special achievement was that his dissertation "A Study on Board of Directors and Organisational Effectiveness" was published by Garland Publisher, Inc. of New York in 1991.

Datuk Dr. Syed Muhamad is currently the Chairman of CIMB Islamic Bank Berhad. He also sits on the Board of Directors of CIMB Bank Berhad, CIMB Group Holdings Berhad, BSL Corporation Berhad, Euro Holdings Berhad, Solution Engineering Holdings Berhad and ACR ReTakaful SEA Berhad.

Datin Paduka Siti Sa'diah binti Sheikh Bakir

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 is a Malaysian, aged 58. She graduated with a Bachelor of Economics from the University of Malaya in 1974 and holds a Master of Business Administration from Henley Management College of London.

Datin Paduka began her career with Johor Corporation (JCorp) in 1974 and has been directly involved in JCorp's Healthcare Division since 1978. She held the post of Chief Executive of Kumpulan Perubatan (Johor) Sdn Bhd (KPJSB) from 1989 until the listing of KPJ in November 1994.

She currently sits as the Chairman of various companies and hospitals in the KPJ Group. She is also a Director of Kulim (Malaysia) Berhad, KFC Holdings (Malaysia) Berhad, QSR Brands Bhd, Puteri Hotels Sdn Bhd, Damansara REIT Managers Sdn Bhd which manages Al-Aqar KPJ REIT, the world's first Islamic-based REIT, as well as Waqaf An-Nur Corporation Berhad, a non-governmental organisation dedicated to the provision of healthcare services to the less fortunate.

Committed to promoting excellence in healthcare, Datin Paduka has been the President of the Malaysian Society for Quality in Health since its inception in 1997. She had been a Board member of the Malaysia External Trade Development Corporation (MATRADE) from 1999 to August 2010. She is a member of the Malaysia Productivity Council Consultative Panel on Healthcare since 2001, and a member of the National Patient Safety Council, Ministry of Health since 2003. In 2009, Datin Paduka was appointed as a member of the Malaysian Healthcare Travel Council, under the Ministry of Health.

In March 2010, Datin Paduka was named CEO of the Year 2009 by the New Straits Times and American Express.

DATO' DR. THILLAINATHAN A/L RAMASAMY

Independent Non-Executive Director
Date of Appointment: 10 April 2004
Senior Independent Non-Executive Director
Date of Appointment: 27 January 2011

Dato' Dr. Thillainathan a/l Ramasamy is a Malaysian, aged 66. He 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 has served on the National Economic Panel, the Anti-Recession Task Force, the Task Force on Capital Market Development, the Investment Panel of Employees Provident Fund, the National Economic Consultative Council, the Tax Review Panel of the Ministry of Finance, the Economic Council and Majlis Perundingan Ekonomi Negara Kedua. Dato' Dr. Thillainathan is also a former President of the Malaysian Economic Association.

He was the COO of Genting Berhad from November 2002 to September 2006, its Executive Director from January 2003 to July 2007, and he remains a non-executive Director. He is currently a director of Petronas Dagangan Berhad and Asia Capital Reinsurance Malaysia Sdn Bhd. He is also a member of the Working Group of the Economic Council.

Dato' Dr. Thillainathan a/l Ramasamy

DATO' SRI ABDUL WAHID BIN OMAR

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

Dato' Sri Abdul Wahid bin Omar is a Malaysian, aged 47. He is a Fellow of the ACCA (UK) and a member of the MIA.

Since May 2008, Dato' Sri Abdul Wahid has been President and CEO of Malayan Banking Berhad (Maybank), and he sits on the Board of Directors of Maybank, Mayban Aegeas Holdings Berhad, Maybank Investment Bank Berhad and PT. Bank Internasional Indonesia Tbk. Prior to joining Maybank, he was the Group CEO of Telekom Malaysia Berhad from July 2004. He had served previously as Managing Director/CEO of UEM Group Berhad as well as Executive Vice Chairman of PLUS Expressways Berhad.

Dato' Sri Abdul Wahid is currently the Chairman of The Association of Banks in Malaysia and Malaysian Electronic Payment System Sdn Bhd, Vice Chairman of Institute of Bankers Malaysia as well as Director of Cagamas Holdings Berhad, Perbadanan Usahawan Nasional Berhad and ASEAN Finance Corporation Limited. He is also an Investment Panel member of Lembaga Tabung Haji and Kumpulan Wang Persaraan.

Dato' Sri Abdul Wahid bin Omar

Izham bin Yusoff

IZHAM BIN YUSOFF

Independent Non-Executive Director

Date of Appointment: 10 April 2004

Izham bin Yusoff is a Malaysian, aged 43. He 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, USA.

Izham began his career with Citibank NA in Miami as Assistant Business Planning & Analysis Manager in 1992 before joining Procter & Gamble in Singapore as Financial Analysis Manager, Corporate from 1992 to 1995. He joined Citibank Berhad in Malaysia as Financial Controller in 1995, and was the Corporate Strategy Manager with Maxis Berhad from 1996 to 1997. He was Special Assistant to the Managing Director of EON Berhad from 1998 to 2002, Managing Director of Amanah Raya Berhad from 2002 to 2004, and the CEO of KUB Malaysia Berhad from 2004 to 2007. He was also the COO of Ninebio Sdn Bhd and its Executive Director from August 2007 to January 2010 and remained a non-executive Director until October 2010. He was an Independent Non-Executive Director of Satang Holdings Berhad from December 2008 to November 2010. He is currently the Managing Director of Percetakan Nasional Malaysia Berhad, an Independent Non-Executive Director of Axis Incorporation Berhad, AKN Technology Bhd and Intra Oil Services Berhad, as well as a Director of Juara Lembayung Sdn Bhd, Wassiyah Shoppe Sdn Bhd and Malaysian Alliance of Corporate Directors.

Dato' Wong Puan Wah @ Wong Sulong

DATO' WONG PUAN WAH @ WONG SULONG

Independent Non-Executive Director

Date of Appointment: 1 December 2006

Dato' Wong Puan Wah @ Wong Sulong is a Malaysian, aged 63. He graduated with a Bachelor of Science (Hons) in Economics from the University of London in 1972.

Dato' Wong has been a journalist for over 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 of Multi-Purpose Holdings Berhad and Assunta Hospital.

CHEAH TEK KUANG

Independent Non-Executive Director

Date of Appointment: 10 April 2004

Cheah Tek Kuang is a Malaysian, aged 63. He graduated with a Bachelor of Economics degree 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 in 1970 and has more than 25 years of experience in the securities and derivatives markets. He has been with AmMerchant Bank Berhad 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 and currently sits on the Boards of Directors of AMMB Holdings Berhad and several of its group companies, including AmInvestment Bank Berhad, AmInvestment Group Berhad, AmBank (M) Bhd, AmIslamic Bank Bhd, AmLife Insurance Bhd and AMG Insurance Berhad. Cheah is also a Director of Cagamas Berhad, and serves as the Alternate Chairman of the Malaysian Investment Banking Association and a Council Member of the Association of Banks in Malaysia.

Cheah Tek Kuang

DATO' SAIFUL BAHRI BIN ZAINUDDIN

Independent Non-Executive Director

Date of Appointment: 27 June 2008

Dato' Saiful Bahri bin Zainuddin is a Malaysian, aged 49. He graduated with a Bachelor of Science degree in Economics & Finance from Western Michigan University, USA in 1985, and has attended the Global Leadership Development Programme at Stanford University, USA.

Dato' Saiful Bahri is currently the Head of Stockbroking Division, Affin Investment Bank Berhad and a Director of the Securities Industry Dispute Resolution Centre (SIDREC). He is the Financial Adviser to the State Government of Negeri Sembilan, a member of the SC's Securities Law Consultative Committee, the Negeri Sembilan State Government Think Tank, the Board of Trustees for the Bumiputera Dealer Representatives Education Fund and the Bumiputera Training Fund, as well as a committee member of Masjid Wilayah Persekutuan.

Dato' Saiful Bahri was the Chairman of the ASCM in 2006 and from 2008 to 2010. He previously held positions, which include the Executive Director of Affin Holdings Berhad, Executive Director and Executive Director Dealing of Rashid Hussain Securities, and CEO/Executive Director Dealing of Fima Securities Sdn Bhd. He was also attached to the Corporate Planning Division of Heavy Industries Corp. of Malaysia (HICOM) and a member of the Securities Market Consultative Panel of Bursa Malaysia.

Dato' Saiful Bahri bin Zainuddin

Ong Leong Huat @ Wong Joo Hwa

ONG LEONG HUAT @ WONG JOO HWA

Independent Non-Executive Director

Date of Appointment: 27 June 2008

Ong Leong Huat @ Wong Joo Hwa is a Malaysian, aged 66. He holds a Capital Markets Services Representative's Licence for dealing in securities.

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 his last position was Senior General Manager. He was the Managing Director/CEO of the then OSK Securities Berhad from July 1985 to January 2007, and had been the Group Managing Director/CEO of OSK Investment Bank Berhad from 29 January 2007 to 17 January 2011. Ong is currently the Non-Independent Non-Executive Director of OSK Investment Bank Berhad and OSK Holdings Berhad. He also sits on the Board of Directors of OSK Holdings Hong Kong Limited and DMG & Partners Securities Pte. Ltd.

Dato' Yusli bin Mohamed Yusoff

DATO' YUSLI BIN MOHAMED YUSOFF

Non-Independent Executive Director

Date of Appointment: 10 April 2004

Dato' Yusli bin Mohamed Yusoff is a Malaysian, aged 52. He graduated with a Bachelor of Economics from the University of Essex (United Kingdom) in 1981. He 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 with Peat Marwick Mitchell & Co in London and has since held various key positions in a number of public listed and private companies in Malaysia, providing him with experience in property and infrastructure development, telecommunications, engineering and merchant banking. His career in stockbroking commenced in 2000, when he was appointed the CEO of CIMB Securities Sdn Bhd. He also served as the Chairman of the ASCM from 2003 to 2004.

Dato' Yusli joined Bursa Malaysia in 2004 as the CEO and Executive Director, and led Bursa Malaysia to its own listing in 2005. He is a Director of several of Bursa Malaysia's group companies, and also sits on the Board of Capital Market Development Fund and the Asian Institute of Finance Berhad. In addition, he is an executive committee member of the Financial Reporting Foundation of Malaysia.

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 of any offence within the past ten years.

Leadership Team's Profile

DATO' YUSLI BIN MOHAMED YUSOFF

Chief Executive Officer

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

NADZIRAH BINTI ABDUL RASHID

Chief Financial Officer

Nadzirah binti Abdul Rashid, aged 47, a Malaysian, graduated with a Bachelor of Arts in Accountancy from the University of South Australia, Adelaide, South Australia. She is a member of the MIA and CPA Australia. She has more than 20 years of 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 in Bursa Malaysia Depository and has held various key positions within the Group including Vice President, Finance & Administration in Bursa Malaysia Securities Clearing, Head, Financial Accounting and Financial Controller in Bursa Malaysia prior to her appointment as CFO in 2006.

Nadzirah binti Abdul Rashid

SELVARANY RASIAH

Chief Regulatory Officer

Selvarany Rasiah, aged 45, a Malaysian, graduated with a Bachelor of Laws degree 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 Bursa Malaysia in 1992. She has held various positions within the Group dealing with legal, regulatory, policy, depository, trading and listing matters, 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 dealt with a wide range of work relating to the capital markets and served on various task forces on capital market initiatives. She has also been significantly involved in the development of the corporate governance framework and best practices in Malaysia and is a member of the Organisation for Economic Co-operation and Development (OECD) Asian Roundtable on Corporate Governance. She was the Chief Legal Officer from July 2004 until her appointment as CRO in 2008.

Selvarany Rasiah

Leadership Team's Profile


Chong Kim Seng

CHONG KIM SENG
Chief Executive Officer, Bursa Malaysia Derivatives Berhad

Chong Kim Seng, aged 52, a Singaporean, graduated with a Bachelor of Science degree from the National University of Singapore and a Master of Business Administration degree from the University of Melbourne. In December 2009, he was appointed CEO of Bursa Malaysia Derivatives, a subsidiary of Bursa Malaysia in which CME has a 25% equity interest. He is a specialist in the trading and management of commodities and has worked extensively in the Asia Pacific region, the Middle East, Europe and Africa and in a variety of areas.

Chong was previously Global Head of Derivatives in Bursa Malaysia. He has also served as Managing Director of the Joint Asian Derivatives Exchange from 2006 for two years, as General Manager of the Singapore Commodity Exchange from 1993 to 1995, and has held trading positions with affiliates of Cargill Incorporated, USA in Singapore, London and Geneva.


Uday Jayaram

UDAY JAYARAM
Global Head, Securities Markets

Uday Jayaram, aged 43, a Malaysian, graduated with a Bachelor of Science (Hons) degree in Economics from the London School of Economics (specialising in Accounting and Finance). He later qualified as a Chartered Accountant with the Institute of Chartered Accountants of England and Wales, whilst working with Ernst & Young in London.

Uday joined Bursa Malaysia as Global Head, Securities Markets in August 2010 and has overall responsibility for developing the Exchange's business strategies for the equities market, as well as leading product innovation and development. He has more than 15 years experience in financial and investment services. Prior to joining Bursa Malaysia, Uday was Head of Equities at Macquarie Capital Securities, where he was instrumental in establishing Macquarie's broking presence in Malaysia and actively encouraged capital inflows into the Malaysian equities market. Uday previously served as Head of Research at ING Financial Markets, building research expertise across various key sectors of the market. He has also been attached to other investment banks firms, including CIMB and Deutsche Morgan Grenfell. Uday was formerly Chairman of the FTSE-Bursa Malaysia Index Advisory Committee.

SITI AISHAH BINTI MD LASSIM

Chief Human Resource Officer

Siti Aishah binti Md Lassim, aged 44, a Malaysian, graduated with Bachelor of Science and Master of Science degrees in Industrial Engineering from Texas A&M University, USA. She joined Bursa Malaysia as CHRO in 2008 and has more than 18 years experience in diverse fields which include management consulting, technology and human resources. Her many roles in human resources include performance management, rewards, talent management and organisational development. Her experience was gained in both multinational companies and PLCs, in sectors as diverse as oil and gas, investment and commercial banking. Before joining Bursa Malaysia, Siti Aishah was with the Maybank Group since 2002, her last position there being Executive Vice President, Head of Corporate Human Resource.

Siti Aishah binti Md Lassim

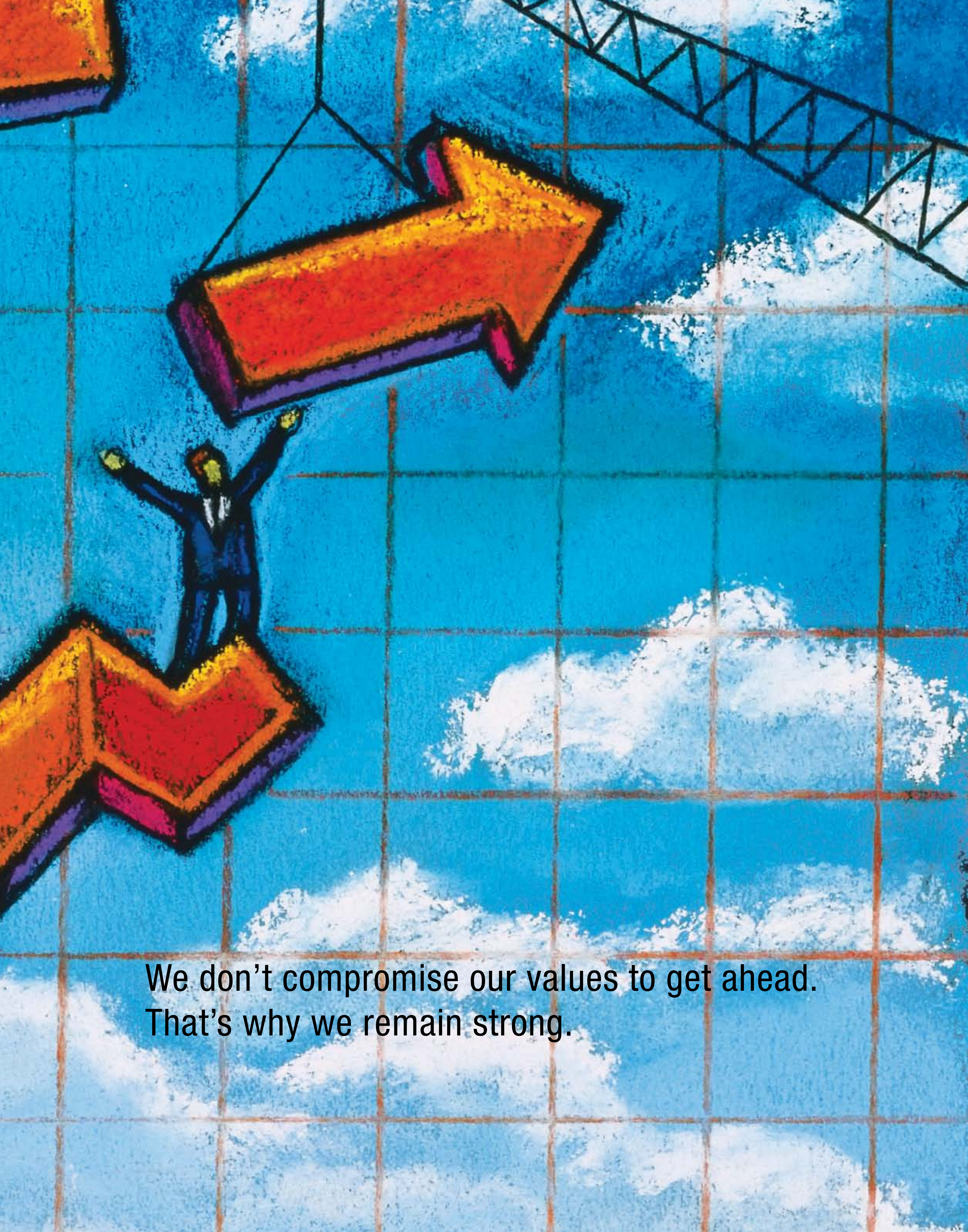
LIM JIT JEE

Chief Information Officer

Lim Jit Jee, aged 53, a Malaysian, graduated with a Bachelor of Science, 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 Division, in 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 had been with the ASCM since 2004, his last position there being Executive Director.

Lim Jit Jee

Steadfast Values = Progressive



We don’t compromise our values to get ahead.
That’s why we remain strong.

Awards and Accolades

We do not set out to win awards, but it is always gratifying when Bursa Malaysia receives recognition for its market development endeavours and its efforts to be an example of best practices for other PLCs.

April

Best Corporate Governance practices and Best Online Annual Report in Asia Pacific by IRGR

In Malaysia, we have long promoted greater transparency and accountability in terms of corporate governance processes and disclosures, and we have been at the forefront of the development of the investor relations profession. These initiatives were given international prominence in April 2010, when Bursa Malaysia received the Investor Relations Global Rankings awards for ***Best Corporate Governance Practices*** and ***Best Online Annual Report in Asia-Pacific.*** The IRGR awards are organised by MZ Consult, a leading investor relations and financial communications firm, with the support from KPMG, NYSE Euronext, Arnold & Porter, Demarest & Almeida, The Bank of New York Mellon, Corporate Asia Network, Bloomberg, NEVIR, Sodali and MZ-CCG.

Award for support of Malaysia's venture capital and private equity industry

Also in April, our 2009 move to open the avenues for efficient capital raising in the ACE Market by high growth companies was given appreciation. Bursa Malaysia was granted a ***Recognition Award for a Public Organisation that has Supported and Contributed Towards the Malaysia Venture Capital & Private Equity Industry*** by the Malaysian Venture Capital and Private Equity Association. The ACE Market allows for a much broader spectrum of companies to access the market than the narrower technology based MESDAQ board which ACE replaced. Encouraging emerging businesses to flourish is a key component of a vibrant exchange, and the ACE Market provides a natural investment environment for venture capital and private equity investors.

July

Bursa Suq Al-Sila's market innovation award for the Asset Triple A awards for Islamic Finance

Bursa Malaysia's work to develop a unique presence in Islamic products is a key element of our overall strategy. It was especially pleasing, therefore, to learn in July that our Shari'ah compliant commodity trading platform, *Bursa Suq Al-Sila'* won the ***Market Innovation*** award from ***The Asset Triple A Awards 2010*** under the Islamic Finance category. *Bursa Suq Al-Sila'* is the world's first end-to-end Shari'ah trading platform for commodity financing and liquidity management by Islamic banks.

August

Bursa Suq Al-Sila's Islamic innovation award by MOSTI

Awards of this nature help cement our position at the forefront of innovation in this increasingly important sector, and this was further enhanced in August when the Ministry of Science, Technology and Innovation, in conjunction with the Islamic Innovation Carnival, conferred the inaugural ***Islamic Innovation Award*** to Bursa Suq Al-Sila'. Through creative innovations like this, Bursa Malaysia contributes to the promotion of Islamic financial products globally and the continued Islamic economic development of the country.

December

MSWG recognises Bursa Malaysia's achievements

The year was rounded off in December with Bursa Malaysia's achievements in the annual ***Malaysian Corporate Governance Index*** awards, conducted by the Minority Shareholders Watchdog Group. For the second year running, MSWG has reviewed Malaysian PLCs using a suite of objective and subjective measurement tools. For the second year also, Bursa Malaysia was singled out with a ***Top Three (Overall) Award*** for excellence in corporate governance. We also achieved a ***Distinction Award*** and a ***Special Transparency Award.*** Part of our work is to enhance overall market quality, and encouraging PLCs to adopt leading CG practices has always been high on our agenda.

July

August

December

Calendar of Events

POC

33rd AGM


Invest Malaysia


Malaysia GEMS


Talk Futures

9 March 21st Annual Palm Oil & Lauric Oils Conference

Bursa Malaysia's flagship conference featured leading industry speakers from Malaysia and around the world, with a special address by YB Tan Sri Bernard Giluk Dompok, Minister of Plantation Industries & Commodities.

POC 2010 attracted more than 1,500 participants from around the world with broad representation from various industry organisations.

29 March 33rd Annual General Meeting

The 33rd AGM, which was held at the Sime Darby Convention Centre, was attended by about 450 shareholders.

30 March Invest Malaysia 2010

The 6th edition of Invest Malaysia, organised in collaboration with Maybank Investment Bank and Nomura Holdings, attracted more than 800 foreign and local fund managers, institutional investors and analysts from 185 foreign and local organisations.

Aptly themed 'Powering Global Excellence', the event offered an opportunity for first-hand access to key personalities who have propelled their companies to become regional champions, and have contributed to the Malaysian success story.

This annual conference was officiated by YAB Dato' Sri Najib Tun Razak, the Prime Minister of Malaysia.

16 April Recognition Award for a Public Organisation

Bursa Malaysia was granted the Recognition Award for being a Public Organisation that has supported and contributed towards the Malaysia Venture Capital & Private Equity Industry by the Malaysian Venture Capital and Private Equity Association.

5 May Malaysia GEMS 2010

Share Investor collaborated with Singapore Press Holdings' business daily, The Singapore Business Times and Bursa Malaysia to organise the inaugural Malaysia GEMS 2010 seminar, a cross-border investor roadshow in Singapore.

June Talk Futures Roadshow

BMD, in collaboration with nine futures brokers, embarked on a nationwide educational roadshow called 'Talk Futures' primarily aimed at informing and educating Malaysian retail investors about equity, commodity and financial futures trading. The six month programme attracted more than 1,800 participants from the public.

23 June Approval from the United States Commodity Futures Trading Commission

BMD was granted approval from the US CFTC which permitted member brokers of BMD to solicit and accept orders and customer funds directly from US customers without the need to register separately as a futures broker in the US.

Corporate Governance Week

Scholarships Presentation


Rat Race


IDB Inaugural Ringgit Sukuk

24 June — Issuance of Sukuk 1Malaysia

Bursa Malaysia facilitated the issuance of the Malaysian Government's Sukuk 1Malaysia through Bursa Suq Al-Sila', the world's first Shari'ah compliant commodity trading platform.

28 June — Securities Commission – Bursa Malaysia Corporate Governance Week 2010

The SC and Bursa Malaysia hosted the annual Corporate Governance Week from 28 June – 2 July 2010 to promote good CG practices among PLCs.

30 July — Scholarships to Six Undergraduates

Bursa Malaysia presented academic scholarships valued at RM264,000 to six deserving undergraduates through its community investment arm, Yayasan Bursa Malaysia.

3 August — The Edge-Bursa Malaysia Kuala Lumpur Rat Race

Corporate Malaysia's unique charity event raised RM1.75 million which was channeled towards 20 charitable organisations in the country.

17 August — Introduction of Electronic Share Payment

The SC, Bank Negara Malaysia and Bursa Malaysia introduced the Electronic Share Payment facility for share transactions, in a move to promote the use of e-payments in the stock market.

24 August — Listing of Islamic Development Bank Inaugural Ringgit Sukuk

The Islamic Development Bank, the first multilateral Islamic development bank listed its RM1.0 billion sukuk Medium Term Note Programme on Bursa Malaysia. The sukuk was issued via IDB's special purpose vehicle, Tamadun Services Berhad, and is the first local currency sukuk by IDB.

1 September — Commencement of e-Dividend Payment

All listed companies on Bursa Malaysia were mandated to effect e-Dividend payment on cash dividends when any book closure date is announced from 1 September 2010. The e-Dividend service allows shareholders to receive cash dividends directly into their bank accounts.

CME Globex® Launch

20 September Migration to CME's Electronic Trading Platform

Bursa Malaysia Derivatives successfully migrated all its derivatives products onto CME Globex®, the electronic trading platform of CME. The migration enabled global traders to access BMD products electronically.

23 September Approved Designated Offshore Securities Market

The US Securities and Exchange Commission recognised Bursa Malaysia Securities and the electronic trading platform operated by Bursa Malaysia Bonds as a 'Designated Offshore Securities Market' under Regulation S of the US Securities Act of 1933.

Market Chat

October Market Chat

Market Chat, the annual programme to educate, retain and reactivate retail investors commenced its 2010 schedule. Bursa Malaysia is supported by eight participating organisations and investment banks in this direct engagement exercise. By the time the programme finishes its current run in March 2011, some 8,000 members of the investing public are expected to have participated.

CMDF-Bursa Malaysia Research Scheme

20 October CMDF-Bursa Malaysia Research Scheme Phase 3

CMDF-Bursa Malaysia Research Scheme embarked on the third phase after a successsful run since its inception five years ago. CBRS is aimed at ensuring that under-researched PLCs get adequate research coverage by analysts.

CIOC Conference

5 November Partnership on China International Oils and Oilseeds Conference

Bursa Malaysia Derivatives and Dalian Commodity Exchange cemented an agreement on joint collaboration for the annual China International Oils and Oilseeds Conference for the next three years. The collaboration reflected the commitment by Malaysia and China to promote the edible oils markets.

Business Sustainability Programme Launch

23 November Bursa Malaysia's Business Sustainability Programme

YAB Prime Minister of Malaysia officiated Bursa Malaysia's inaugural Business Sustainability Programme for Corporate Malaysia which is in line with Bursa Malaysia's call to Malaysian listed companies to integrate sustainability elements into their business strategies. The Programme consists of a guide on sustainability for directors, a knowledge portal, a project matching facility and thought leadership sessions.

Chief Executive Officer's Message

To the outside observer, a year of headline activity is often followed by one of apparent quiet. The reality is usually different. Much hard work is needed to embed change, nurture new developments to reach their potential and refine the strategies to secure our future. 2010 was just such a year for Bursa Malaysia, and we made considerable progress.

The sustainability theme was featured when, on 23 November 2010, the Honourable Prime Minister launched a Bursa Malaysia programme to encourage all PLCs to focus on sustainability as a key business driver for the future. This programme is supportive of the Government's plans to transform the nation into a high income economy, based on the principles of inclusiveness and sustainability.

Dato' Yusli Bin Mohamed Yusoff
Chief Executive Officer

In the Budget for 2010, the Government focused its attention on four areas: re-invigorating private investment, intensifying human capital development, enhancing the quality of life and strengthening public sector delivery. Coupled with its own programme of fiscal prudence and value-for-money spending, these measures are expected to help sustain relatively good GDP growth into 2011, despite the progressive removal of subsidies on various commodities. A recovery in global trade is already benefitting the manufacturing sector, and a continuing current account surplus backed by a well-capitalised and resilient banking sector, plus strong domestic demand, is setting the stage for improved FDI flows. An accommodative monetary policy and reasonably well contained inflation are additional catalysts for sustaining the positive sentiment which has returned to the capital markets. All this augers well for Bursa Malaysia, especially as the private sector is expected to lead future economic growth and our markets stand to be beneficiaries.

Several events took place in 2010 which helped enhance liquidity and efficiency in the capital market and positioned us to take advantage of the improving investment climate.

Our international profile was enhanced when, in September, Malaysia was upgraded by FTSE to 'Advanced Emerging Market' status in the FTSE Global Equity Index Series. This will take effect from June 2011, and is another step on the journey to developed market status, putting us on the radar screen of a wider audience of sophisticated international institutional investors.

In June, China recognised Malaysia as an approved investment destination under China's QDII scheme administered by the CBRC. This has positive implications for inflows of Chinese funds into the Malaysian capital market and was followed by other changes which will encourage greater foreign participation.

Also in June, further recognition of the capability of our markets and participants came with the US CFTC approval for Malaysian futures brokers to deal directly with US customers. This should expose our local brokers to the demands of an international clientele and help raise standards to the benefit of all concerned. Another positive development was the September decision by the US Securities and Exchange Commission to recognise Bursa Malaysia as a 'Designated Offshore Securities Market', which makes it easier for US investors to trade in Malaysian listed securities and shelf listed bonds.

International recognition needs to be accompanied by global access, and a significant step in that direction was taken in September 2010 as a positive consequence of our relationship with CME. Our derivative products were successfully migrated onto the CME Globex® electronic trading platform. This will progressively broaden the market for these products globally, especially the global benchmarked FCPO contract.

This was the canvas that provided the backdrop for our markets in 2010.

How Our Markets Performed

1. Securities Market

Our securities markets progressed steadily throughout 2010. The benchmark FBM KLCI opened 2010 at 1,272.78 points and advanced by 19% to close the year at 1,518.91 points, having hit an all time high of 1,528.01 points on 10 November 2010. The FBM Top 100 and the FBM EMAS indices performed in a similar manner, with both hitting all time highs on 22 November 2010, but the FBM ACE index (formerly known as the FBM MESDAQ) finished the year up by only 1% at 4,347.56 points.

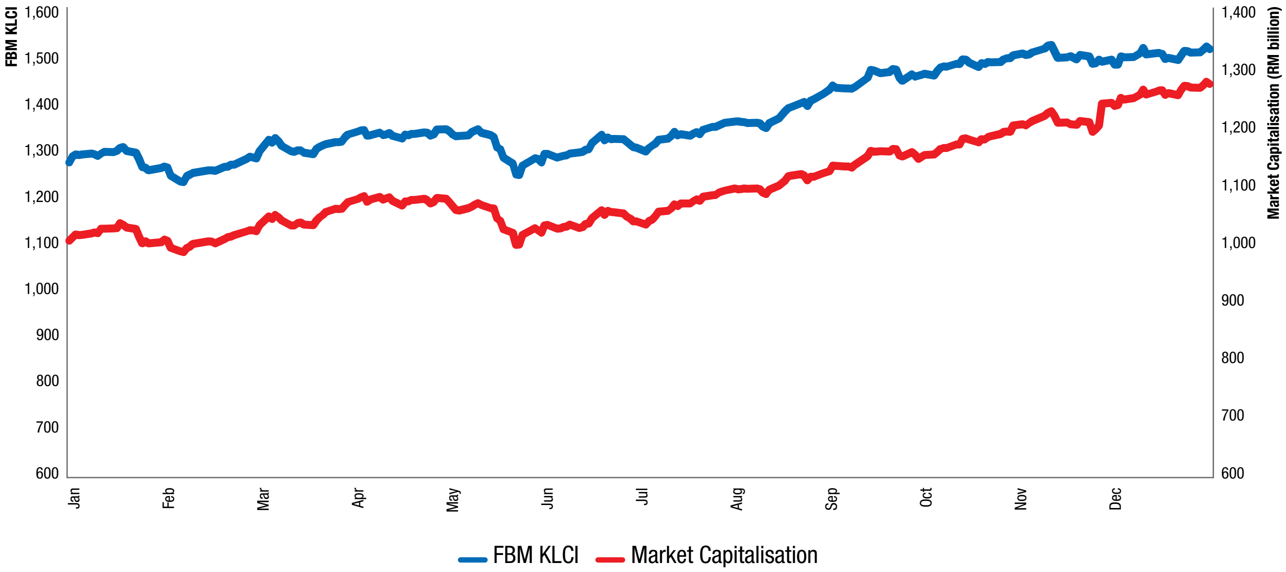
On the back of strong final quarter performance, the specialist palm oil indices introduced in 2009 did well. The FBM Palm Oil Plantation index ended the year up by 33% at 21,537.66 points, with the regional USD and Malaysian Ringgit denominated FBM Asian Palm Oil Plantation indices up by 28% at 21,587.57 points and 15% at 23,128.52 points respectively.

Interest in the Shari'ah indices, FBM Hijrah Shariah and FBM EMAS Shariah, was sustained, but at a marginally lower level than the overall market.

Index Movement Table

	As at 31 Dec 2009	As at 31 Dec 2010	Movement (%)
FTSE Bursa Malaysia KLCI	1,272.78	1,518.91	19
FTSE Bursa Malaysia Top 100	8,308.89	10,116.56	22
FTSE Bursa Malaysia Small Cap	10,165.81	12,625.36	24
FTSE Bursa Malaysia EMAS	8,507.61	10,374.98	22
FTSE Bursa Malaysia ACE	4,299.58	4,347.56	1
FTSE Bursa Malaysia Palm Oil Plantation	11,615.60	15,481.09	33
FTSE Bursa Malaysia Asian Palm Oil Plantation (USD)	16,931.27	21,587.57	28
FTSE Bursa Malaysia Asian Palm Oil Plantation (MYR)	20,141.01	23,128.52	15
FTSE Bursa Malaysia Hijrah Shariah	9,312.02	10,456.86	12
FTSE Bursa Malaysia EMAS Shariah	8,509.52	10,058.15	18

Market capitalisation advanced strongly, crossing the RM1 trillion threshold on the first trading day of 2010, and rounded off the year by growing by some 28% over the year. IPO activity contributed to a strong year-end boost in overall market values.



Compared with 2009, average daily trading values increased by 29% to reach RM1.6 billion even though the average daily trading volume only increased by 2% in 2010. With market capitalisation growing at a faster pace than the growth of value traded, there was a statistical decline in overall market velocity to 33%.

Securities Market Performance Table

	2009	2010	Movement (%)
Daily Average Trading Value (OMT & DBT) (RM billion)	1.22	1.57	28.7
Total Trading Value (OMT & DBT) (RM billion)	303	390	28.7
Market Capitalisation (RM billion)	999	1,275	27.6
Total Funds Raised (RM billion)	27.75	32.97	18.8
– IPOs	12.04	19.87	65.0
– Other corporate actions	15.71	13.10	(16.6)
Velocity (%)	34.0	33.0	(2.9)

New issue excitement returned to our markets in 2010, in line with the stronger economy and generally improved sentiment. There were 29 IPOs, including two REITs in 2010, compared with 14 in 2009. Secondary issues also gathered pace, with a total of 77 rights and bonus exercises being conducted during the year, compared with 52 in 2009.

In terms of market demographics, foreign investors remained more or less constant at 22% by value of shareholding, while trading participation stood at 27%. Institutional funds dominated the market with a 73% share compared with 27% for retail investors.

2. Derivatives Market

Our derivatives markets operated at lower activity levels in the first nine months of 2010. This was largely a result of the relatively narrow spread between the futures and physical markets which applied for much of the period. However, with a return of volatility and better spreads, activity levels picked up noticeably in the final quarter of the year.

In the month of November, FCPO contracts recorded an all time high of 451,843 contracts traded, passing the previous record of 442,220 contracts in April 2009. Daily contract volume touched a record high of 41,879 contracts on 18 November, surpassing the previous record of 37,231 recorded on 13 June 2007.

Overall, the total number of contracts for 2010 grew marginally by 0.3% from 6.14 million in 2009 to 6.15 million in 2010. Average daily volume increased correspondingly from 24,749 contracts in 2009 to 24,818 contracts in 2010. Open positions improved 7.3% from approximately 123,000 contracts in 2009 to 132,000 contracts in 2010.

Total annual volume traded for FCPO contracts was 4.1 million contracts, slightly higher compared to the previous year of 4.0 million contracts, or the equivalent of just above 100 million metric tons of CPO. The daily average number of FCPO contracts increased marginally from 16,165 contracts in 2009 to 16,389 contracts in 2010, primarily as a result of the narrower trading range for CPO for the first 9 months of the year between RM2,270 to RM2,755 or a range of RM485 per metric ton. The prices of CPO started to pick up from October onwards, in line with other global commodities, trading from RM2,653 to a high of RM3,792 or a price range of RM1,139 per metric ton.

FKLI futures activity in 2010 was similar to 2009, with 2.0 million contracts traded and the daily average number of contracts was approximately 8,000. There was reduced volatility in the underlying index for the first seven months of the year ranging from 1,220 to 1,364 points, after which it started trending upwards from August onwards from 1,364 to a high of 1,546 points.

KLIBOR futures traded a total of 95,477 contracts in 2010 as compared with126,690 contracts in 2009, which was lower by 25%.

From a market demography perspective, the participation of foreign players, both individuals and institutions, has improved markedly. For FCPO contracts, foreign participation grew from 19% to 25% over the year, while for FKLI contracts there was an increase from 26% to 33%. This is a positive signal and provides early signs of validation for the globalisation path Bursa Malaysia has chosen for its derivatives business.

Derivatives Market Performance Table

	2009	2010	Movement (%)
Open Positions	123,141	132,151	7.3
Daily Average Open Positions	145,017	123,937	(14.5)
Total Contracts Traded (million)	6.14	6.15	0.3
Daily Average No. of Contracts			
– FCPO	16,165	16,389	1.4
– FKLI	8,056	8,044	(0.2)
– 3-month KLIBOR Futures	511	385	(24.7)
Daily Average No. of All Contracts	24,749	24,818	0.3

3. Islamic Markets

The capital market plays a significant role as a source for fund raising by all companies, including those that follow Islamic principles. Bursa Malaysia currently hosts 842 Shari'ah compliant securities representing 88% of total listed securities, with market capitalisation amounting to RM800 billion at the end of 2010. In terms of trading volume, Shari'ah compliant securities accounted for 160.74 billion units or 64% of total units traded in 2010.

Islamic Markets Performance Table

	2009	2010	Movement (%)
No. of Sukuk Listings on Bursa Malaysia Securities	12	19	58.3
Value of Sukuk Listings (USD bil)	17.6	27.7	57.4
% of Shari'ah Compliant			
• PLCs	88.0	87.8	–
• ETFs	55.7	50.2	(9.9)
• REITs	34.7	22.3	(35.7)
• Market Capitalisation	63.8	62.8	(1.6)

In line with the national aspiration to establish Malaysia as a pre-eminent international Islamic financial centre, we launched initiatives to promote the listing of sukuk in both Malaysian Ringgit and foreign currencies on Bursa Malaysia, and the establishment of a Shari'ah compliant commodity trading platform. Along with several other initiatives, these measures are already proving to be a new and reliable contributor to our primary income streams at Bursa Malaysia, and will continue to increase in importance in the years ahead.

Following our maiden sukuk listing in August 2009, I am glad to report that we remain the top sukuk listing destination in the world, with a total of USD27.7 billion of sukuk programmes listed. Even more pleasing is the fact that we have managed both to create greater visibility for domestic sukuk issuers, as well as enhance our international appeal, with several foreign sukuk issuers seeking to list on our main market. The largest foreign issue to date was the November 2010 listing of the Islamic Development Bank's USD3.5 billion sukuk programme, which capped a year that saw seven new sukuk issues from seven issuers, raising a total of some USD9 billion.

In addition to the sukuk market, I am pleased to report further developments in our Islamic commodity trading platform, Bursa Suq Al-Sila'. We now have 33 members trading through this platform encompassing both domestic and foreign financial institutions (including those domiciled in the GCC), along with commodity suppliers. The establishment of Bursa Suq Al-Sila' represented an entirely new business for any exchange, and the fact that others are now attempting to emulate our success is a compliment.

4. The Labuan International Financial Exchange

LFX recorded six new listings in 2010, bringing the total number of listed instruments to 28. The most significant listing was the USD1.25 billion '1Malaysia Sukuk' issued by the Malaysian Government, which was listed on 8 June 2010. The market capitalisation of the LFX stands at USD19.2 billion at year end 2010.

LFX	2009	2010	Movement (%)
Market Capitalisation	18.1	19.2	6.1
No. of Listed Instrument	28	28	–

In a move to boost market activity on LFX, a revision was made in November of the entry level for a licensed Listing Sponsor from the previous Minimum Net Assets requirement of USD2 million to a lower threshold of USD100,000. The revision is designed to attract greater participation by issuers on LFX and will encourage more entities to apply for a Listing Sponsor license. As a measure to enhance efficiency, the LFX has also undertaken to improve the turnaround time for approval of listing applications to two market days, from the previous seven days.

Financial Review

We recorded a higher profit of RM113 million for the financial year 2010, which is in effect an 11% increase from our normalised profit of RM102 million in 2009. Normalised profit for 2009 excludes the RM76 million gain made from the disposal of a 25% equity interest in Bursa Malaysia Derivatives in that year. The improvement in current year profit was backed by activity on our securities market, which was relatively stable despite the global volatility seen throughout 2010.

1. **Operating Revenue**
RM331 million; +11%

Operating revenue comprises trading revenue from the securities and derivatives markets, stable revenue and other operating revenue.

Trading revenue from the securities market grew by 21% to RM168 million in 2010. Trading activity improved from a daily average value of RM1.22 billion per day in 2009 to RM1.57 billion per day in 2010. The growth in trading revenue was offset to some extent by the lower effective clearing fee rate of 2.38 basis points in 2010 compared with 2.51 basis points in 2009.

Trading revenue from the derivatives market was fairly stable at RM38 million. The marginal increase in contracts traded in 2010 (2010: 6.15 million vs. 2009: 6.14 million) brought about a 0.6% increase in trading and clearing fees. Guarantee fees however declined by RM1 million as a result of lower average daily open positions in 2010.

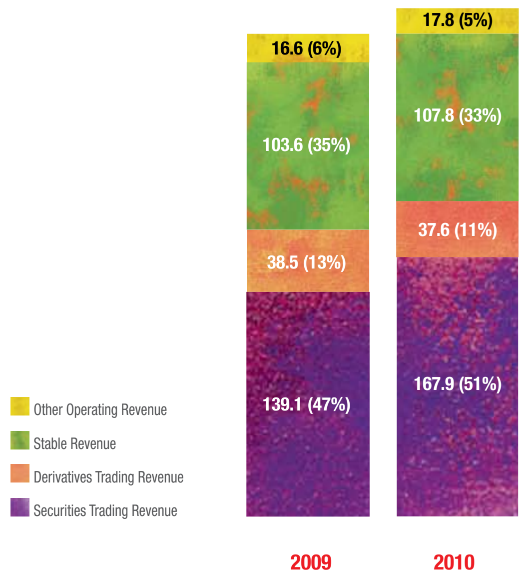
Stable revenue increased by 4% to RM108 million in 2010. This is attributed to the higher number of IPOs, structured warrant listings and secondary issues in 2010 compared with 2009.

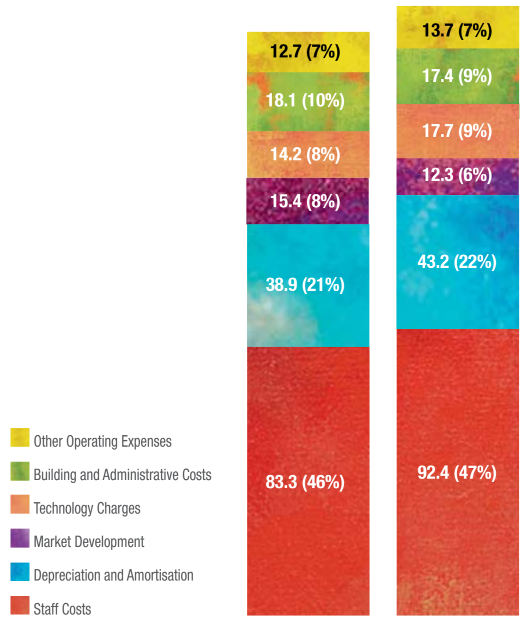
Other operating revenue increased by 7% to RM18 million in 2010. This is mainly due to processing fees derived from the transfer of certain functions from the SC to Bursa Malaysia in the second half of 2009.

2. **Operating Expenses**
RM197 million; +8%

Higher expenses in 2010 were largely due to our efforts to recruit and retain talent, and the migration of our derivatives products from BTD onto CME Globex® on 20 September 2010. Moving towards the migration date, we shortened the useful life of BTD and, thus, accelerated depreciation of the system. We now pay a license fee for the trades done on CME Globex®.

Operating Revenue (RM million)





Operating Expenses (RM million)

3. **Capital Expenditure**

RM22 million; unchanged

We spent RM22 million in 2010 mainly for system and infrastructure development. We started the year by focusing on developing the derivatives infrastructure which would link our brokers to CME Globex®. We then moved to revamping our derivatives clearing system towards the end of the year. The work on this is still ongoing. In addition, we worked on streamlining our internal infrastructure to create greater value and efficiency.

4. **Cash flows**

Net increase in cash RM114 million

RM million	2009	2010
Cash generated from operating activities	131.8	153.9
Cash generated from/(used in) investing activities	(7.8)	46.7
Cash used in financing activities	(69.8)	(86.8)
Net increase in cash	**54.2**	**113.8**

The higher cash flows from operating activities were in line with higher operating profits generated in 2010. During the year, we also converted more of our short term investments into cash, resulting in a net increase in cash from investing activities. Cash used in our financing activities was higher following the greater quantum of dividends paid in the year.

5. **Rewarding Shareholders**

Total dividend of 20 sen per share

This year, we paid an interim dividend of 9.5 sen per share and propose 10.5 sen per share as our final dividend. This will bring total dividends to 20 sen per share for the year, representing a payout of 94% of our FY2010 profits to our shareholders.

Our Strategic Initiatives In 2010: *Building a Sustainable, Quality Market*

Growing our core businesses in the securities and derivatives markets remained our principal focus in 2010. At the same time, we made strides in establishing our principal differentiator – our strengths in commodities and Islamic offerings. Further emphasis will be given to this important segment going forward.

Securities Market Progress

Let me take you through some of the more notable developments in 2010.

1. **New Issue Activity**

Although recovery of the global economy remained sluggish, the combined effects of relatively robust domestic economic growth and the Government's stimulus packages proved to be a catalyst for greater IPO activity in 2010 from a variety of sectors. For the year, there were 29 IPOs, up 107% from 2009. Our IPOs raised a total of RM20 billion compared with RM12 billion in 2009, an increase of 65%. With the new listing framework, we also saw more ACE Market listings compared with 2009, with the number of ACE Market IPOs increasing from 2 to 6.

The most notable new listing was by PETRONAS Chemicals Group Berhad, which successfully raised some RM13 billion, and was the largest issue in South East Asia. In line with current investor demands for high-yielding lower risk assets, we saw the listings of two REITs, namely Sunway Real Estate Investment Trust, our largest REIT to-date, and CapitaMalls Malaysia Trust.

Although the number of secondary capital issues increased, the amount of capital raised declined marginally from RM16 billion in 2009 to RM13 billion in 2010.

Funds raised by our PLCs continued its momentum as the equity capital market remained a viable source of funding. There were also a total of 204 newly listed structured warrants in 2010 compared with 124 in 2009.

2. **New ETFs**

The Malaysian ETF market achieved another milestone with the listing of two ETFs in July 2010, namely the CIMBA40 and the CIMBC25. Both issues were firsts for Bursa Malaysia, with the CIMBA40 being the first cross-listing ETF with SGX, and the CIMBC25 ETF the first foreign ETF. These funds provide choice for investors who have a lower risk appetite but wish to increase their exposure to ASEAN and Chinese markets and tap into some of the strongest assets in China and in the region.

Our efforts to educate and raise awareness of the benefits of ETFs will continue as we push to attract foreign denominated ETFs to be listed on the Main Market. The listing of foreign denominated ETFs will leverage on the multi-currency platform we introduced last year to enable investors to create better diversification as well as providing an element of hedging into their portfolios.

3. Promoting Research for Listed Companies

CBRS embarked on its third phase in October 2010 after a successful run since its inception five years ago. CBRS is open to participation by all companies listed on Bursa Malaysia, and is aimed at generating investor interest in under-researched stocks by providing regular research reports on the counters that are covered by the scheme. This ultimately supports the Exchange's continuous call to facilitate informed investing via wider research coverage.

Over the years, CBRS has assisted listed companies understand the importance of profiling and being transparent if they are to generate greater investor awareness as well as manage investors expectations. Investors, particularly retail investors, are now savvier and more discerning, and rely on independent analysis. This is evidenced by the number of CBRS reports downloaded, which has steadily increased to some 64,000 reports per month. Through CBRS, investors can gain free access to in-depth information on the company's potential, progress and updates that allow them to make better informed investment decisions.

Bursa Malaysia is committed to providing support to all issuers, particularly those with smaller capitalisation, so that they can gain investor attention and eventually create liquidity in their securities. The cost of coverage for participating companies is partially subsidised by the CMDF.

4. New Structured Warrant Product – Callable Bull Bear Certificate

As part of Bursa Malaysia's on-going efforts to raise the attractiveness of the Structured Warrant segment, the LR were amended in May 2010 to allow for CBBCs.

CBBC is a type of structured warrant issued either as Bull or Bear certificate, with a fixed expiry date. On Bursa Malaysia, CBBCs may have a tenor ranging from three months to five years. CBBCs let investors take bullish or bearish positions on an underlying instrument. They track the performance of the underlying instrument without requiring investors to pay the full price required to own the actual instrument. A smaller capital outlay and lower transaction costs and commissions make CBBCs an interesting new alternative for investors.

The first four CBBCs were listed in July 2010 and, at end-December 2010, a total of 19 CBBCs had been listed on Bursa Malaysia. From July to end December 2010, trading in CBBCs accounted for 8% (RM1.1 million) in average daily turnover value of the Structured Warrant segment on Bursa Malaysia.

5. Enhancing Efficiency through Electronic Services

Bursa Malaysia has an on-going programme to introduce leading edge electronic efficiencies for the benefit of investors and market participants. In 2009, the Prime Minister announced the introduction of e-Dividend to promote payment efficiency, and I am pleased to report that e-Dividend was successfully implemented in September 2010. Shareholders can now benefit from the timely receipt of dividends directly into their bank accounts, with the convenience of not having to wait for dividend cheques and the hassle of physically paying into their bank accounts. The new system also offers far greater security. Since the commencement of e-Dividend registration in April 2010, a total of 735,628 account holders representing 38% of total CDS accounts had registered for e-Dividend by end December 2010.

From 1 September 2010 onwards, all PLCs that announce their book closure dates are required to effect cash dividend payments via e-Dividend to shareholders who have registered. As at end 2010, a total of 152 companies have already implemented e-Dividend.

Bursa Malaysia Depository offers two services related to e-Dividend. We are the central depository of bank account information provided by CDS account holders and the service provider to listed companies in facilitating the payment of cash dividends directly into their shareholders' bank accounts.

In August, the Electronic Share Payment facility for share transactions, or e-Share, was introduced by the SC, BNM and Bursa Malaysia. This facility promotes the use of e-payments in the stock market and enhances efficiency in the market's payment and settlement systems. E-Share gives investors faster access to their funds by allowing share sales proceeds to be paid on the same day directly into their bank accounts.

6. ASEAN Trading Link

A Memorandum of Understanding has been signed between the six established ASEAN Exchanges, including Bursa Malaysia, in which we agreed to cooperate in working towards the establishment of the ASEAN Link. All the exchanges involved meet regularly to discuss the details of implementation. The aim is to promote ASEAN as an asset class to investors globally.

Derivatives Market Progress

Following on from the partnership we entered with CME in September 2009, in which CME took a 25% equity stake in BMD, BMD underwent a major re-organisation. A shift in business structure was necessary to ensure there was a dedicated team in place, focusing exclusively on the derivatives business whilst the supporting functions continued to be outsourced to the holding company.

1 . Our Unique Partnership with CME

Our partnership with CME is unique and very different from that of a vendor relationship. Ours is a stakeholder relationship. CME has demonstrated strong commitment and dedication towards this venture, and our joint search for new businesses and markets has been at the forefront of our discussions and activities. There has been an efficient transfer of knowledge and skill sets to our team members and, for its part, CME has gained a better understanding and deeper appreciation of the local culture and business environment.

2. Migration to Globex®

On 20 September 2010, we successfully migrated all our derivatives products comprising commodity, financial and equity futures onto the CME Globex® electronic trading platform, thereby making our derivatives markets truly international.

The listing of our derivative products on CME Globex®, the leading electronic trading platform for derivatives in the world, has added great value to our markets as a whole. We now have unparalleled global distribution for our derivatives products, particularly our star product FCPO contract which is the global price benchmark for the CPO market. International customers who might otherwise never have thought of investing in Malaysian derivative products now have efficient access to our markets.

Meanwhile, BMD continues to operate and regulate its market. The trading hours for the Malaysian derivatives market remain unchanged, and all our derivatives contracts traded on CME Globex® continue to be cleared by Bursa Malaysia Derivatives Clearing, a subsidiary of BMD. Changes have been effected to the rules of BMD to reflect the trading features and functionalities on CME Globex®, and are now benchmarked against international best practices.

3. Our Trading Participants

The year started well with the introduction of LT International Futures as a new TP in December 2009. In May 2010, Interactive Futures became our 20th TP, and we aim to build on this pipeline of intermediaries, crucial to developing the critical mass and market liquidity we need. Certain TPs already have an international presence and we believe the time is opportune to further leverage on these global linkages.

4. Building Blocks: Internationalising Our Derivatives Market and Growing Average Daily Volume

The focus for 2010 has mostly been on putting the building blocks in place to internationalise our market and grow the average daily volumes traded. To compete internationally, we can no longer rely on organic growth. The only way to make that quantum leap is to go global, and we have made many of the key infrastructure changes in the form of technological enhancement, rule changes and securing trade reliefs.

5. Technological Infrastructure

In 2010, our first task was to develop the technological infrastructure for our market. Historically, there has been a low take-up rate for infrastructure by the industry, and it serves as a barrier to entry. To ensure that all TPs are able to subscribe to a reliable system, Bursa Malaysia took the initiative to host a CME-certified broker front end system, better known as OMS. The aim was to provide the industry with early system readiness to immediately trade on CME Globex®. CMDF was instrumental in supporting our OMS initiative and has since funded the one-time software licensing fee for OMS.

In October 2010, one month after the migration to CME Globex®, we introduced internet trading for derivatives. Internet facilities are essential to tap into the growing presence of sophisticated traders and allow for trading by local investors through Malaysian TPs electronically. Both the OMS and internet trading model are regarded as necessary catalysts to improve distribution channels.

CME's own telecommunication hub in Kuala Lumpur was launched in May 2010, and complements our infrastructure. The CME Malaysian hub will act as an international gateway for greater accessibility by both local and international traders and connects our market to the rest of the world.

6. Launch of CUPO

As means to strengthen Malaysia's position as the global price benchmark for crude palm oil, BMD licensed CME the right to use the settlement prices for its RM-denominated FCPO. In May 2010, CME launched the USD-denominated futures contracts in Crude Palm Oil, or CUPO. CUPO provides industry players with more arbitrage opportunities; international players have greater choices for hedging in dollars to mitigate currency risks.

7. Removing Regulatory Barriers to Entry and Securing Trade Reliefs

In April 2010, we received BNM approval for the relaxation of the Foreign Exchange Administration Rules. Resident futures brokers are now allowed to make payments, on behalf of residents, to non-residents for foreign currency-denominated derivatives (excluding currency contracts) transacted on specified overseas exchanges. This was greeted favourably by brokers and helps greatly in the management of risk.

The Derivatives Clearing House has also extended its acceptance on foreign currency collateral for margin coverage from December 2010 onwards to include Renminbi and Hong Kong dollars in addition to the current US dollars, Japanese yen and Singapore dollars, to appeal to a broader investor base.

In June 2010, another milestone was secured with the granting of trade relief for our TPs. The US CFTC now permits TPs to solicit and accept orders and customer funds directly from US customers for trading on the Exchange, without having to register with the CFTC as Futures Commission Merchants. A TP must make a filing with the National Futures Association of the US to avail itself of the relief, but this opens up new market possibilities for TPs. Nine TPs have since filed with the National Futures Association and avail themselves on the said relief.

8. Market Readiness for Brokers

We realised that meaningful market engagement and education were key. Broker engagement was at the highest levels ever. Together with our CME partners, "onboarding" and one to one sessions were held at brokers' premises to ensure that they were ready to migrate to CME Globex®, both from a technological and market readiness view point. Vigorous training and education sessions continued for our internal users, TPs and regulators to familiarise them with OMS, CME Globex® and its functionalities.

9. Increasing Our Sales Force

We recognise the need for a continuous supply of sales personnel to market derivatives products. To this end, we are working closely with our regulators to see how certain participant requirements can be liberalised in light of the current business environment, whilst working on our recruitment campaigns for Locals and FBRs. We are also exploring with universities how we can build a meaningful collaboration to encourage the younger generation to venture into the derivatives market as a career, whether with the Exchange or the TPs. Over time, we hope to build a sustainable resource model to continuously replenish this vital support group.

Educating Investors and The Market

Markets are vibrant, constantly changing places. Staying abreast of change is a challenge for us, but it is essential if we are to sustain our relevance and attractiveness. Linked to this is a responsibility to raise awareness of our offerings and those features which make us attractive, which means that considerable effort goes into educating all those who use our markets, or may consider doing so.

1. Retail Investor Engagements

Retail investors have always been a crucial investor segment for us, and Bursa Malaysia is committed to retaining, developing and engaging with this segment. Significant effort is put into understanding, educating and inspiring retail investors. Our various in-house programmes and collaborative projects with our partners have a common purpose – we want to develop a sustainable and diversified investor base, both locally and internationally.

At the beginning of the year, Bursa Malaysia organised an industry leadership forum called 'Rethink Retail'. Attended by various captains of industries, the highlight of this forum was the sharing of insights into Malaysian attitudes to investing. The forum's objective was to initiate a mindset change and promote planning collaboration amongst key stakeholders and partners. It was also the starting point for various activities designed to create a more vibrant retail market, by reaching out to young retail investors and overcoming misconceptions through education and information.

a. Young Investors

Interaction with young Malaysians is a feature of many of our investor development efforts. Talks were held at Bursa Malaysia throughout the year for visiting students from local and foreign universities. Topics covered included an overview of the capital market and the basic understanding of investment. We also worked with youth bodies such as the YCM. Bursa Malaysia sponsored the 1st Annual Young Corporate Malaysians Summit (Reinventing and Liberalising Malaysia's Economy) in December 2009, and I was a participant in the 25th YCM CEO Series in July 2010. The event was attended by professionals between 21 and 35 years old.

There was also a series of advertorial articles published in the media, aimed at changing perceptions about investing in shares and other capital market instruments as an option to savings, unit trust and investment-linked insurance.

b. Taking the Word to the Market

In line with Bursa Malaysia's retail strategy of sustaining and engaging existing investors, we continued with our annual nationwide engagement programme called 'Market Chat'. Market Chat remains an integral part of Bursa Malaysia's Retail Investor Engagement Programme and is now in its fourth year with the launch of the 2010/11 series in October 2010. In total, there were 58 Market Chat roadshows in 2010. This year, 79 more roadshows will be held at various locations, with a special focus on the East Coast of Peninsular Malaysia, Sabah and Sarawak. The latest series is conducted in conjunction with eight broker partners, and will concentrate on raising the profile of alternative investment products (CBBCs, ETFs and REITs). The events will also help create greater awareness of the value-added services Bursa Malaysia provides for retail investors, such as internet trading and e-Dividend.

In June and July 2010, Bursa Malaysia and a local investment bank jointly organised two retail investment seminars for high-net-worth individuals. The talks showcased top financial experts and offered the audience practical strategies and ideas on surviving and thriving in a climate of global volatility.

We also participated in several retail investor conferences during the year such as Minggu Saham Amanah Malaysia 2010, Minggu Kesedaran Kewangan 2010 and Asia Trader and Investor Convention (Singapore and Kuala Lumpur).

c. Awareness of Derivatives

In the derivatives area as well, education is a prerequisite if we are to encourage greater retail participation. During the year, we jointly hosted educational road-shows, called 'Talk Futures', with TPs across Malaysia to cater to retailers and FBRs. We have since seen a gradual growth in the number of futures accounts maintained. These retail road shows will continue next year as we aim to bring new, younger players into our market. In 2010, we successfully conducted 61 Talk Futures roadshows.

Going forward, Bursa Malaysia will continue with its investor education and retail engagement initiatives. It is our hope that these efforts will solidify our market position as a primary catalyst in building an informed investment community in Malaysia, in line with the country's quest to develop a knowledge-based economy.

2. Institutional Investor Engagements

a. Promoting our Securities Market

Our annual Invest Malaysia conference has become a permanent date in the calendars of many institutional investors from home and abroad. The sixth Invest Malaysia conference was held in March 2010 and continued to attract local and foreign institutional investors. IM 2010 was a national effort as it showcased portfolio and direct investment under one roof.

Invest Malaysia has evolved into a communication platform as well as a springboard for action. It provides a sounding board for policy makers who can engage with market participants, as well as a channel to communicate the Malaysia Story. The success of these conferences demonstrates that we have achieved a fine, productive balance between the national agenda and business agenda.

As a follow-through of IM 2010, an Invest Malaysia road-show was held in Europe in late June/early July 2010. Meetings were arranged with targeted new investors as well as opinion leaders in Paris, London and Edinburgh. Media roundtables and interviews were also organised as part of the process of moving towards the upgrade of Malaysia by FTSE to Advanced Emerging Market status.

More Invest Malaysia roadshows were held in Hong Kong, Beijing and Tokyo, in October and November 2010. The focus for Hong Kong and Beijing was mid-tier funds and QDII funds respectively.

The two over-arching strategic objectives of Invest Malaysia are business development (diversifying and broadening our investor base) and communicating the Malaysia Story, as well as managing external perceptions of our capital market.

b. Profiling our Derivatives Market

Institutions are also important players in the derivatives area, and we organised and participated in various events, together with our CME partners and third parties. These events were designed to profile our derivatives market, the partnership with CME and the products we offer.

Our well known annual POC conference provided a local platform in March 2010. The third party events included FIA Chicago, FOW and the FIA Singapore, CIOC China and Globoil India. Brokers were supportive of our efforts and aggressive in their own marketing.

In the 'Euromoney' event in Hong Kong, our BMD team joined forces with BNM and SC officials to conduct several education and awareness dialogues, designed to dispel myths about Malaysia's foreign exchange controls through 'Perception vs. Reality' sessions. The crux of the message was that there are no restrictions on the trading of derivatives by foreigners in Malaysia or the repatriating of funds arising from such trading activities.

Our Principal Strategic Risks

Exchanges do not just serve a domestic investor community; they are part of a global financial market place. Our environment is extremely competitive. Issuers, capital and investors have become increasingly international in their outlook and adept at identifying the best available option for their needs. To remain relevant in a global context, Bursa Malaysia must address a wide variety of risks, and I think it is important to share with you the three which we think outweigh all others:

1. Erosion of our competitive position, with Bursa Malaysia regressing and being marginalised, resulting in our losing ground to other regional/global markets, with an inability to attract investors and quality companies to list on Bursa Malaysia.
2. Our business strategy does not deliver on its objectives and targets, with the consequential undermining of confidence in Bursa Malaysia both as an exchange and as a listed enterprise.
3, Ineffective management of talent within the organisation, leading to loss of key personnel to competitor exchanges or to issuers.

These are not unusual risks, but that does not mean we should give them less than full attention. It will also be apparent that these are risks that cannot easily be targeted with specific remedial actions. They affect the entire enterprise and are to be found in most of our different activities to some extent or another. The only way to address these issues is by working with policy makers, coupled with a holistic approach woven to our plans and strategies. In the following section I will talk more about the plans we have in our primary markets which are designed to keep us competitive and emphasise our differentiated value proposition.

On the human capital front, there is a special section in this Annual Report which describes our concerted efforts to attract, grow and retain the talent that is so essential for us to thrive in a competitive world.

Technology & Systems

Most of our innovations and new strategies require essential support in the form of technology and systems for them to be effective. On the derivatives front, this has certainly been true as we have developed our partnership with CME. As mentioned earlier, electronic access to BMDs' products for both local and international traders is provided through the CME Globex® electronic trading platform. This is complemented by multiple access points through international telecommunications hubs. The next step will be to implement a new Derivatives Clearing and Settlement system, which will provide higher capacity and functionality to further improve our market and services.

In the securities markets, our recently introduced e-services were built to deliver speed and convenience, while providing better account management and greater security for investors. In the coming year, we plan to develop a more robust and agile infrastructure. We aim to demarcate the trading and non-trading functions, so that less customisation is needed on the trading system and there is minimal interdependency between these systems.

As part of our efforts to improve overall technology efficiency and capability, we have implemented an enterprise-wide customer service system which caters to all our internal and external customers. This facility provides a single point of contact through which all customers can channel their requests and issues.

Internally, a common storage infrastructure has been established to provide a centralised automated backup infrastructure for all systems in Bursa Malaysia. This helps minimise operational costs through effective automation and systems management.

Our Regulatory Role

A well regulated market place will remain an important focus area for Bursa Malaysia. We seek to ensure that our market is conducive for both capital raising and investment by practicising sound regulatory principles and in doing so we are guided by the following core objectives:

- protection of investors;
- ensuring that markets are fair, efficient and transparent; and
- reduction of systemic risk.

For this purpose we have a robust framework in place for regulating the market guided by our philosophy of being balanced and outcome based. The framework encompasses our regulatory goals, action plans and strategies for regulating the market. Our key areas of focus in achieving our regulatory goals are as follows:

- raising the standard of CG by PLCs;
- improving the quality and timeliness of disclosures to the market;
- raising the standards of business conduct by market participants;
- increasing the effectiveness of our enforcement activities; and
- elevating the level of education and awareness-raising activities for the industry.

We continuously improve on our regulatory effectiveness by, amongst others, assessing the outcomes that we achieve, reviewing and keeping abreast with developments in other markets and best practices recommended by the relevant industry organisations. This enables us to further improve and refine our regulatory approaches.

Together with this, we are also constantly reviewing our processes to ensure that we remain efficient and optimum in utilisation of resources to meet our deliverables and time to market for regulatory approvals sought by industry from the Exchange.

A more detailed commentary on our regulatory functions appears on page 50 to 53 of this annual report.

Today and Tomorrow

In 2010, we worked at bringing new listings to the market, addressing some of our macro structural issues and realising value propositions, especially from our CME partnership and the building of our Islamic market presence. It is these factors which set Bursa Malaysia apart and will drive us forward as a unique international exchange.

Our medium term targets remain in place. In terms of velocity in the securities market, our focus will be to achieve a 60% level. In the derivatives market, especially with the benefit of our relationship with CME, our target is to double the volume of contracts.

Moving into 2011 and beyond, we continue to be committed to ensuring the market is sustainable, attractive and vibrant. Our efforts will intensify to increase market competitiveness as well as to develop the robustness and resilience of our market.

Our broad strategic plan revolves around five strategic thrusts which we regard as key to ensuring our sustainability, relevancy and vibrancy of our markets:

1. **Revitalising the Market**
    - Make the process of trading easier, reduce the friction of transacting on our markets and adapt to new requirements;
    - These will be manifested by strengthened liquidity, improved trading velocity and increased vibrancy of the market.
2. **Developing World Class Capability and Capacity**
    - Develop well-versed, highly skilled and committed manpower to drive a thriving, innovative and efficient capital market;
    - Through thought-leadership, Bursa Malaysia aims to be at the forefront of the industry.
3. **Improving the 'Eco-System'**
    - Promote further liberalisation of the market by working closely with relevant policy makers;
    - Encourage greater participation from PLCs and market intermediaries to increase market competitiveness.
4. **Improving Efficiency and Productivity**
    - Review our market structure as well as simplify rules and processes to make it more efficient and cost effective;
    - Continuously upgrade our infrastructure.
5. **Internationalising the Market**
    - Extend our global appeal and facilitate foreign access to our markets by foreign investors and issuers;
    - Expand the range of international products.

1. Securities Market

A vibrant market is essential if Bursa Malaysia is to continue to be attractive to investors and issuers. We will step up efforts, together with other industry stakeholders, to attract more large capitalisation issuers, with sizeable free floats. Other action plans include introducing intra-day shorting, increasing the number of PDTs and improving overall trading liquidity. Efforts will also be put in ensuring ease of trading, a transparent and readily understood regulatory environment and improved market infrastructure.

We will continue to promote intra-ASEAN trading to diversify and expand financial choices available to investors, and improve the efficiency of delivery of financial products and services. We are also putting together an international board which will bring foreign securities closer to our investors, create a more diverse investor base, and further internationalise our markets. As for the bond market, we are currently working on guidelines and a framework which will allow for direct retail participation in listed corporate bonds, making this important segment available to a far wider investment audience than before.

2. Derivatives Market

From a technological perspective, our work is never finished. In 2011, we will see a period of post-stabilisation following our migration to CME Globex®. We will also undertake a major technological enhancement by developing a new Derivatives Clearing System. This agile system will be multi functional and possess multi currency, multi asset class and multi time-zone capabilities needs.

To further broaden our market horizon, we will widen our distribution channels, increase our sales force and provide greater accessibility to our products. The volume growth coupled with improved participation from foreign players post CME Globex®, are early indicators of validation of the globalisation path that Bursa Malaysia has taken for the derivatives business segment. 2011 will certainly see a continuation of the process of internationalisation and growth.

3. Islamic Market

The global market for Islamic financial products has grown at an average rate of 20% over the last five years. Malaysia's position at the forefront of this development is largely attributable to the MIFC initiatives, to which Bursa Malaysia is a key contributor. We are proud that Bursa Malaysia is the only market in the world with an Islamic Capital Markets regulatory framework. We are pleased, also, to be one of very few exchanges offering a range of Shari'ah compliant products in the securities markets.

The resilience of the Islamic banks in the recent global financial crisis proved that Shari'ah compliant finance is a viable alternative to conventional markets as it is disengaged from speculative financial products which do not have an underlying asset base. These products are often cited as a primary cause of the "credit crunch", the excesses which led to the near collapse of financial markets, and the global economic recession which followed. As a result, the appeal of the Islamic investment products has been enhanced as investors seek to diversify risk in their portfolios. At Bursa Malaysia, we have a range of Shari'ah compliant products encompassing listed equities, ETFs and REITs.

Not surprisingly, Islamic markets and Islamic products feature large in Bursa Malaysia's development plans. They are an aspect of our exchange which differentiates us from our competitors, and they are a key element in our initiatives to internationalise our markets. We are committed to remain a thought leader and a pioneer in innovation as the development of Islamic financial products transforms Islamic finance into a global industry.

The Bigger Picture

Bursa Malaysia is a key element of the national financial infrastructure, and we expect to accommodate changes as policy makers push ahead with their agenda and introduce new measures that include:

1. Liberalising equity holding requirements and investment limits, such as allowing GLICs increase investment in overseas markets to explore opportunities for better returns;
2. Further divestment by GLICs, which will increase the free float in the market, potentially triggering significant increases in stock turnover, benefitting larger players in particular;
3. Issue of new stock-broking licenses to eligible local, foreign or joint-venture companies to increase retail market participation;
4. Relaxing some of the processes and procedures for the listing of companies and products; and
5. Enhancing cooperation with regional and, possibly, other foreign bourses.

It is expected the BRICs as well as selected ASEAN markets will grow faster than other markets, while traditional financial centres will see declines in terms of market capitalisation and market share. Positioning Bursa Malaysia to take advantage of this trend in its broader businesses as well as its specialisations will present many demands. Our special niches in commodities and Islamic offerings will be a particular focus, while efforts to boost our broader securities and derivatives presence will continue.

I am confident we have the building blocks and capabilities to promote the success of Bursa Malaysia as a regional leader.

In Appreciation

As always, there are many who have contributed to the year just passed. What has been gratifying is the willingness of so many market participants to add their weight to our efforts, and my thanks go to all of you.

The policy-makers and regulators have shown an ability to take bold steps to help develop our markets and our products, and are set to continue doing so. Our business partners and the investment community at large have been generous with their support and comments, all of which helped us improve.

Our directors have provided guidance and encouragement, and had a positive impact in terms of improving our governance and business processes.

Underpinning it all is that special group we sometimes call 'Warga Bursa' (the Bursa Family). They have helped us shape our values and drive the changes that are needed for us to remain relevant and create a genuine value proposition for all who use the exchange. They are an exceptional bunch.

Finally, the support of our shareholders is paramount as we address the challenges that face us in such a competitive sphere as ours. Your continued interest in our endeavours is reflected not only in the support of our share price, but also in the variety and frequency of the feedback we receive from our electronic and other communication channels. We are most grateful, and our efforts to deliver superior returns to our shareholders will continue.

Good Governance + Transparency = Responsible


We take the lead to drive the
Malaysian market towards
better governance.

Regulation

Maintenance of market integrity and investor protection remains our primary focus. We undertake a wide range of regulatory activities which are aimed at ensuring that our market remains attractive as a destination for listing and investment.

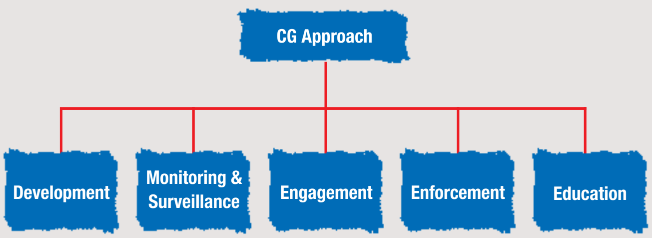
Efficient Capital Raising

We continue to provide a conducive environment for capital raising through our efficient processes. In 2010, a total of 29 new listings with a combined market capitalisation of RM52.5 billion were listed on the Exchange. There were also 105 secondary issues, in which a total amount of RM13.1 billion was raised.

In assessing and processing listing applications, we stay focused in ensuring an adequate level of investor protection and transparency, as well as effective time to market.

Enhancing Corporate Governance Standards

Bursa Malaysia remains committed to establishing and maintaining high standards of CG amongst PLCs. We continued with our various initiatives to promote best practices in CG so as to sustain market integrity. A five-pronged approach was adopted, as depicted below:



In 2010, we proposed several changes to the Bursa Securities LR to further develop the standards of CG.

The second SC-Bursa Malaysia CG Week was held from 28 June to 2 July 2010 in collaboration with various industry and professional associations and organisations. This event was successful in raising awareness on key developments in the area of CG amongst directors of PLCs and industry participants. In addition, Bursa Malaysia continued to hold various evening talks for directors to enhance both awareness and understanding of good CG practices.

We continue to undertake robust engagement with listed issuers at both plenary level and through direct engagement with boards of directors to further emphasise the importance of good CG practices.

Subsequent to the issuance of the Corporate Governance Guide – Towards Boardroom Excellence (the CG Guide) in 2009, we embarked on various educational and advocacy initiatives to familiarise directors on the CG Guide. As a follow through, we continued with these education and advocacy sessions in 2010. To-date, more than 3,000 copies of the Guide have been printed and issued to various stakeholders and more than 1,000 directors and senior management have attended trainings on the CG Guide.

Whilst we strengthened our efforts in engagement and education, there was no let up in terms of enforcement. Where non-compliance with the LR was detected, we took strict enforcement action.

Improving Standards of Disclosure

We remain vigilant in monitoring compliance with the disclosure requirements for PLCs and their advisers. In 2010, we issued a total of 477 announcement queries requiring PLCs to disclose additional disclosure or further clarification in respect of their corporate announcements. A total of 159 media queries were also issued requiring PLCs to clarify, deny or confirm rumours or reports about material information not previously disclosed. In addition, we issued a total of 27 UMA queries aimed at procuring further disclosure in instances of unusual price/volume movement which was not accompanied by any corporate developments.

As part of our continuous efforts to further improve standards of disclosure we undertook a review of our regulatory approach and the requirements in connection with continuing disclosures and financial reports. As a result of the review, we have proposed enhancements to the continuing disclosure and financial reporting obligations of PLCs to enable the availability of more timely and adequate information in the market.

To further improve disclosure standards, we also intend to issue a guidance note on disclosure requirements. This will provide greater clarity on LR disclosure requirements and facilitate ease of compliance. A consultation paper on these enhancements was issued and the proposals were further refined after taking into account the views expressed during the public consultation process. We intend to implement the changes after approval by the SC.

From time-to-time we engage directly with PLCs and advisers who lack good corporate disclosure practices and provide them with clarification and education. In 2010, we engaged a total of 221 listed companies and 19 advisers, highlighting areas where disclosures could be further improved.

Promoting High Standards of Business Conduct Among Participants

We routinely monitor the business conduct of Participants to ensure compliance with our Business Rules. Adherence to high standards of business conduct ensures integrity and quality in the services provided by Participants to investors.

We have a structured and systematic monitoring mechanism in place which includes carrying out periodic on-site inspections and thematic inspections, the conduct of off-site monitoring through review of periodic submissions and the monitoring of capital adequacy of the Participants.

We also monitor domestic and international developments and trends that could potentially impinge on the standards and service deliveries of our Participants, or that could undermine investor protection or the integrity of the market.

We also keep regular engagements with Participants as part of our initiative to enhance Participants awareness of any weaknesses in their business practices as well as any potential non-compliance with the Rules detected during the course of our inspection. This is to enable the Participants to take rectification measures at an early stage.

We have an open communication channel where Participants can contact directly a designated officer from the supervision unit of Bursa Malaysia to obtain guidance and advice on regulatory issues and concerns.

The above measures have been effective in ensuring that Participants adhere to high standards of business conduct.

Arising from our robust monitoring framework of the Participants, there was no financial failure of any Participant in 2010. As at 31 December 2010, the industry average for Investment Banks' RWCR was above the minimum requirement of 8%. The industry average for Non-Investment Banks' CAR was 12.3 times against the minimum requirement of more than 1.2. The industry average Adjusted Net Capital for derivatives brokers was RM9.22 million as at 31 December 2010, which is above the minimum requirement.

Surveillance of Market and PLCs

Our underlying philosophy in managing market orderliness lies in addressing market misconduct.

We have a framework in place to monitor and take appropriate measures to ensure market integrity is preserved, and to suppress unacceptable trading conduct.

In relation to the monitoring of trading activities, we conduct real-time surveillance of the trading which takes place on our equities and derivatives markets. We use various techniques and approaches, including online alerts from the surveillance system, observations made by our analysts and other analytical tools. These help us determine whether market misconduct and abuses have occurred, such as manipulation or insider trading. Where trading concerns are noted, we will engage with the Participants and address the concerns.

We also monitor activities and developments in the PLCs to detect any non-compliance with the LR.

A framework to monitor the financial condition and level of operations of PLCs is also in place. Where the financial condition and the level of operations of PLCs are not at a satisfactory level as defined in the LR, PLCs are required to take remedial steps.

Where non-compliance is detected, enforcement action will be taken against the Participants or the PLCs concerned. The matter can also be referred to the SC if there are potential breaches of the securities laws.

Enhancing the Effectiveness of Enforcement

Enforcement of our Rules is carried out in a fair, consistent and timely manner. During the year, we strengthened our guidelines and further improved our processes.

Sanctions were imposed against PLCs and their directors for various breaches of the LR, as shown in the table below. The total number of sanctions was 280 in 2010 and included reprimands and fines amounting to RM7,474,850.

Sanctions Imposed#	PLCs	Directors	Total
Public Reprimand and Fine	–	107	107
Public Reprimand	86	35	121
Private Reprimand	32	20	52
Total	118	162	280
Total Fines Imposed (RM)	**Nil**	**7,474,850**	**7,474,850**

As for violations of the Business Rules, enforcement actions were instituted against Participants, their dealer representatives and agents. The total number of sanctions was 212 in 2010 and included reprimand (public and private), striking off and fines amounting to RM793,200.

Type of Action Taken#	Participating Organisations/ Securities Clearing Participants	Dealer's Representatives/ Registered Persons (Securities)	Authorised Depository Agents	Trading Participants/ Derivatives Clearing Participants/FBRs/ Local Participants	Total
Reprimand (Public/Private) and/or Fine and/or Suspension/Striking off [& additional condition(s)]	2	8	–	1	11
Fine & Deferred Suspension	–	–	–	–	–
Fine & Public Reprimand	–	–	–	–	–
Fine/Deferred Fine with enforceable conditions and/or directive to rectify	13	92	–	2	107
Private reprimand/Fine and/or directive to rectify, failing which fine/suspension	17	5	1	15	38
Caution and/or directive and/ or additional conditions	32	11	3	10	56
Total Sanctions	**64**	**116**	**4**	**28**	**212**
Total Fines Imposed (RM)	**291,400**	**355,200**	**–**	**146,600**	**793,200**

more than one sanction may have been imposed on a director, PLC or other market participants and the total number of sanctions reported is greater than the number of persons or entities against whom we took action.

Through these enforcement actions, we aim to deter future breaches, educate market participants, promote a culture of compliance and enhance CG practices. All fines collected are segregated and used to educate market participants as well as investors and defray legal or court expenses related to enforcement actions.

Utilisation of Fines Income and Transfer Fees	RM'000
Balance as at 1 January 2010	**8,456**
Fines collected during 2010:	
• Fines income received	980
• Transfer fee (transfer of Dealer Representatives between POs)	858
	1,838
Fines utilised:	
• Education and training of market participants and investors	526
• Legal expenses relating to enforcement actions	225
	751
Net Fines/Transfer Fees Income for the period	**1,087**
Balance as at 31 December 2010	**9,543**

Elevating the Level of Education and Awareness in the Industry

We continue to place emphasis on both engagement and education to further enhance compliance with our rules and promote high standards of conduct amongst our market participants and PLCs.

We conducted engagements and education on a one-to-one as well an industry wide basis through road shows, dialogues, seminars, talks and thought leadership sessions. The programmes are targeted at trading representatives of market participants, directors, senior management, compliance officers of market participants and PLCs, as well as industry associations.

The engagement and education programmes are not only to facilitate greater understanding of matters relating to compliance with the rules, but also to discuss and highlight emerging trends and areas of concerns. This is an effective avenue for two way communication between the Exchange and market participants, and helps in bridging any gaps in expectation and understanding.

The education programmes involving the trading representatives form part of their 'Continuing Professional Education' and credit points are awarded for attending these programmes.

In 2010, we also issued guidance notes and industry communication letters as another form of education to highlight, discuss and clarify issues of concerns and areas of rule breaches.

Rule Changes

A robust and growing market can only be achieved with balanced, transparent and progressive rules that are benchmarked internationally to meet the needs of the Malaysian capital market. For this purpose, we continuously review our regulatory framework to improve efficiency in our market and to promote the competitiveness and attractiveness of Bursa Malaysia as a listing and investment destination.

In line with our objectives above, we have amended our Rules this year to include the following key changes:

- Introducing the e-Dividend framework for payment of cash dividends by listed companies to their shareholders;
- Facilitating the issuance and listing of callable bull and bear warrants on the Main Market;
- Facilitating the migration of all derivatives products on Bursa Malaysia Derivatives Berhad onto CME Globex®; and
- Providing greater flexibility in undertaking SBLNT.

As part of our ongoing efforts to provide balanced, transparent and progressive rules we are also working on various other enhancements to the rules. Proposed amendments in the following key areas are pending SC's approval:

Bursa Securities Listing Requirements

- Enhancing the continuing disclosure and financial reporting obligations of listed issuers;
- Enhancing the CG requirements;
- Reviewing the framework of share schemes for employees of listed issuers; and
- Allowing listed issuers to dispatch documents to securities holders via electronic means, if it is permitted under the laws; facilitating listed issuers to pay dividends in shares to their shareholders through a scheme known as 'Dividend Reinvestment Scheme'.

Bursa Securities Listing Requirements and Rules of Bursa Malaysia Securities Berhad

- Enhancing the processes for the taking of enforcement actions.

Human Capital Management

BURSA@Work aims to create an innovative and customer centric corporate culture with employees who deliver high performance by building from within.

Any organisation that plays on a world playing field requires a culture and underlying values that attract, produce and retain creative, agile and results driven people who have an international outlook. It must also be an organisation whose people collaborate together towards achieving a common goal.

In 2009, the Bursa Malaysia's family (Warga Bursa) embarked on a journey to define these values and how they should inspire us. The result was BURSA@Work:

- **B**uilding relationships
- **U**nited to achieve
- **R**esponsibility
- **S**implicity
- **A**gility

Work to implement these values continued in 2010. A number of initiatives became our focus in fulfilling this vision.

Putting BURSA@Work into Practice

In 2010, a programme to integrate core values at all levels was rolled out. Dubbed the BURSA@Work Bootcamp, the two-day residential workshops were facilitated by external and in-house trainers. Participants were able to discuss and clarify the basic approach to implementing and integrating the new values and, through a series of experiential learning activities, putting the values in practice. They also shared ideas on projects aimed at fostering and promoting these values at work.

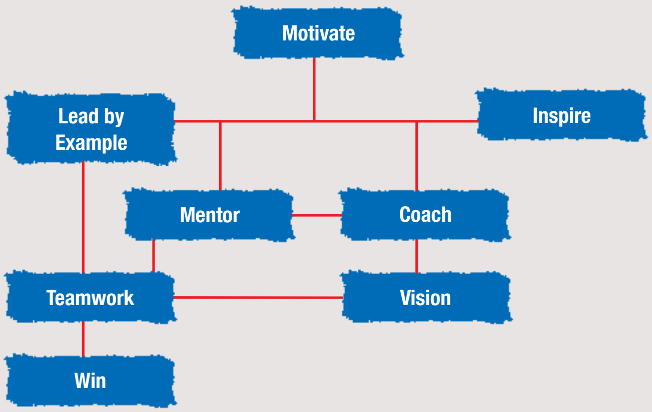
590 employees attended a total of 22 workshops organised between January and July 2010.

At the same time, employees nominated and voted for the colleagues whom they felt best embodied each of these values and who might serve as role models. Three employees won awards in five different categories. Winners of the BURSA@Work Employee Recognition Awards were recognised for their efforts at a prize giving ceremony presented by the CEO.

A Holistic Approach to Talent Management

We believe in a comprehensive approach to talent management with equal emphasis on promoting a culture of continuous learning and ensuring sustainability for the future.

Guiding Bursa Malaysia's Leaders



Creating a Supportive Learning Eco-System

New values and a new mindset are difficult to achieve if our people are not equipped to apply them. To this end we allocated RM3.3 million for employee training in the following areas:

- Functional and technical training;
- HR development programmes; and
- Talent management programmes.

36 training programmes were conducted in-house alone.

We took several measures to ensure the effectiveness of our learning and development resources. We refined the Leadership and Development framework developed in 2009 to be aligned with our core values. We also defined leadership competencies and job success profiles at all levels across the organisation, which employees and supervisors can use for their individual development plans that can be tied into the training calendar we publish on the company intranet at the beginning of each year.

With guidance on what skills are required to succeed in their roles and a calendar for training, our employees and their supervisors are better equipped to plan their own development needs. Overall, we achieved seven learning days per employee, and our surveys show that four out of five employees are satisfied with our in-house training programme.

Finally, assessment and talent profiling was also extended up and down the organisation to identify skills gaps, as well as employees with high potential.

Creating Sustainability for The Future

People are generally eager to develop themselves, but everyone does so at a different pace. We believe our high fliers are more engaged and remain with us when attention is paid to their development needs. Four new development programmes were implemented in 2010 as part of our efforts to enlarge the talent pool. Two are aimed at boosting the retention of talent among our emerging leaders, while the other two are aimed at entry level talent. We allocated 32% of our training budget to the development of our best and brightest.

Guiding Bursa Malaysia's Leaders is a mentoring programme to develop the leadership skills of those in our talent pool via experiential learning methods. It allows them to learn from Bursa Malaysia's top leaders who act as mentors, and provides insight into other aspects of our business by pairing individuals with mentors who are from different business units. 21 members of the talent pool were selected for the programme and each Leadership Team mentor is responsible for three individuals.

FLEX, which stands for Future Leaders of the Exchange, prepares our high performing middle managers for the next level by equipping them with the requisite managerial and leadership skills. We selected 48 employees for the programme based on job performance. They underwent seven months of classroom training covering six modules on people management, personal leadership and results leadership.

Trailblazer is our management associate programme for graduates. Participants are selected following a rigorous evaluation and assessment process. They embark on an 18 month training programme designed to introduce them to various aspects of our business as well as equip them with business acumen and leadership skills. Nine Trailblazers were recruited in 2010, from a combination of local and foreign university graduates, with backgrounds ranging from engineering to business majors, in line with our philosophy of strength through diversity.

Flexing their Leadership Muscles

"One of the characteristics of being a good leader is agility as well as the ability to listen. Since participating in FLEX, I have learnt to adapt when conditions and circumstances change, to listen and not only to hear; to communicate and understand my expectations and not only to perceive; to reflect upon my actions and its consequences, to be open and flexible, to appreciate that each individual is different and unique, thus act and behave differently."

Looi Sze Yan, Group Internal Audit.

Gen-Y Takes the Lead

"Stock exchanges are reputed to have one of the most dynamic working environments and I felt that there would be no better way to challenge myself than to start a career here. I also like the fact that Trailblazer allows for first-hand job experience gained through half-yearly rotations in different business functions of the organisation. For me, I hope to gain better understanding of how the stock market works and the chance to contribute to society through various charity events that Bursa Malaysia is known to organise. Developing both inter and intrapersonal skills as well as a healthy work life balance are definitely on the list too!"

Norshida Razali, MSc MORSE, University of Warwick.

We also trained 93 students from local and foreign universities under our internship programme. These students gained exposure to working life, our business and the industry as a whole through placements in various business and support units. Former interns may be recruited as permanent employees upon graduation. In 2010, we hired five former interns. We continue to invest in the programme as we feel that internship is an effective tool to promote Bursa Malaysia as a potential employer. In 2010, we were voted as one of Malaysia's top 50 graduate employers by Malaysian students studying locally and abroad.

These initiatives have been the focus of our efforts for 2010, but we have not neglected the previous policies, practices and activities which have contributed to our long term vision and continue to serve us well in attracting, retaining, rewarding and engaging employees. This includes:

1. **Ensuring the diversity of our employee population of 620:** Our mix of people, broadly reflects Malaysia's diverse ethnic composition. We believe it is a key attraction to potential employees and, indeed, continue actively to pursue ethnic, gender and age diversity in our employee population.
2. **Maintaining open platforms for dialogue:** Through events such as GHR Open day and Breakfast with the CEO, we allow employees to mingle, discuss or clarify policy matters or other business issues with the CEO, senior management and HR. They contribute to improving work relationships and enhancing internal relationships.
3. **Encouraging a healthy lifestyle among employees:** By organising health talks and sports activities, we raise awareness among employees of the benefits of leading a healthy lifestyle.
4. **A performance based reward system:** We believe an effective reward system should be designed to drive productivity improvements and contribute to the achievement of our corporate goals, while recognising individual excellence.
5. **Our pay philosophy:** Our pay philosophy is positioned at the market 50th percentile for total pay, consisting of guaranteed pay (salary and fixed allowances) and variable bonus. Outstanding employees are distinguished, and positioned at the market 75th percentile. The performance management system and our pay structure are reviewed at appropriate intervals to ensure they remain relevant and competitive.

Developing human talent is an evolutionary process. To sustain ourselves as an organisation, we must always be willing to refine our policies and practices to get the very best from our people and to be able to attract new talent. We must also be proactive in developing the organisation and its human resources. To that end, a series of workshops on managing for performance is in the pipeline for 2011, and we will continue to prioritise investing in our people as a fundamental pillar of our future plans.

Investor Relations

It has always been Bursa Malaysia's priority to demonstrate the highest standards of integrity to our shareholders and the investment community. We are committed to building long-term relationships based on fair and timely disclosure, transparency, openness and constructive communication. As a listed company, a market operator and a regulator, our Investor Relations activities have an impact both on the company and the health of our market as a whole. We must aim, therefore, to be an example of best practice.

Reaching Out

The ability to have a meaningful two-way dialogue with all of our shareholders is how we secure and maintain their trust and understanding. We value the dialogue process with our investors and recognise its significance in promoting good governance in our company. We aim to keep shareholders, the broader investment community and other stakeholders fully informed by communicating our financial performance, latest business developments and strategy in a timely and accurate manner.

We use various mediums such as roadshows, meetings and briefings, announcements, website postings and the AGM, to ensure that investors and others are able to make informed decisions about the Company. We take special care to ensure that all material and price-sensitive information is disseminated at the same time to the widest possible audience through all relevant channels.

Locally and abroad, we actively engaged our shareholders, potential investors and analysts. The management engagement team usually consists of the CEO, CFO or the Head of Strategy, together with members of the IR unit. This year, management has met personally with more than 110 investors in Kuala Lumpur, Singapore, Hong Kong, Japan, Europe, the Middle-East and the US. Research house coverage grew to 20 houses.

Continuous Efforts

For 2010, we benchmarked ourselves against the best companies as we focused on our goal of adhering to best practices. We participated in the IRGR survey which ranked 53 companies from 18 countries worldwide for good CG. Bursa Malaysia scored second highest, tying the spot with a Canadian company. We were successful in the Asia-Pacific region category, where Bursa Malaysia was given awards for Best CG Practices and Best Online Annual Report. These awards are recognition of Bursa Malaysia's efforts to exemplify best practice in both areas.

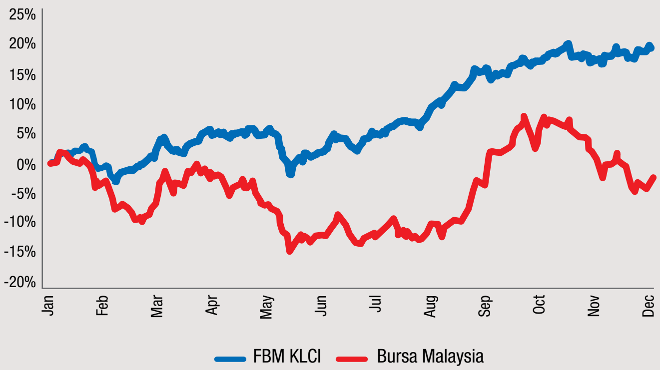
To help us measure progress and facilitate further improvement, we monitor customer satisfaction on IR annually. The survey showed improvement in the level of satisfaction from good to very good among our external stakeholders compared with the previous year.

The increased usage of internet technology prompted us to improve our services. This year, numerous features were added to the IR Portal to enrich user experience and help investors access relevant information more easily. In addition, a survey function was included where users can give their comments and views on the Portal. Investors are encouraged to visit the Company's IR portal for access to the online Annual Report, Q&A library, financial results and copies of presentations given to shareholders and analysts.

Bursa Malaysia's Share Performance

The Company's share price as at 30 December 2010 closed lower at RM7.80, falling 2% compared with the closing price of RM7.99 as at 31 December 2009. Over the year, Bursa Malaysia's share price touched a 52-week high of RM8.66 on 14 October 2010, and a low of RM6.75 on 25 May 2010.

2010 Comparative Performance



Dividend Policy

We remain committed to giving good investment returns to our shareholders. Our policy is to pay out not less than 75% of our profits each year, subject to certain considerations, such as the level of available cash and cash equivalents, retained earnings, and the projected level of capital expenditure and other investment plans.

Historically, Bursa Malaysia has always rewarded our shareholders with a dividend payout of above 90%.

Financial Year	Dividend Payment (sen/net)		% of Dividend Payout
2010	• Interim Dividend	9.5	94%
	• Final Dividend	10.5	
2009	• Interim Dividend		93%
	– Franked	3.8	
	– Single Tier	5.0	
	• Final Dividend	9.0	
2008	• Interim Dividend	12.2	91%
	• Final Dividend	5.9	

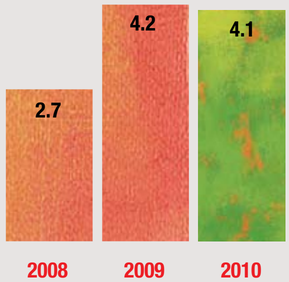
Foreign Shareholding and Market Capitalisation

The number of shareholders in Bursa Malaysia was 27,561 at the end of 2010. Foreign shareholding as at 31 December 2010 stood at 18.2% while market capitalisation declined marginally from RM4.2 billion in 2009 to RM4.1 billion during the year.

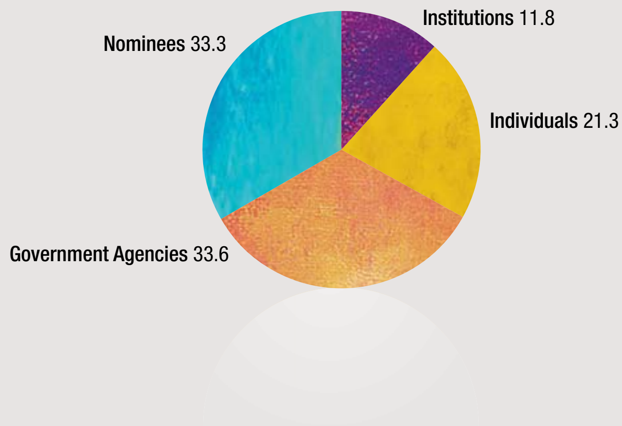
Our public shareholding of 62% provides a fair free float for Bursa Malaysia's shares and an appropriate level of liquidity.

Note:
Under Section 25 of the Capital Markets and Services Act 2007, no person can acquire 5% or more of the issued and paid-up share capital of Bursa Malaysia without first gaining approval from the Ministry of Finance.

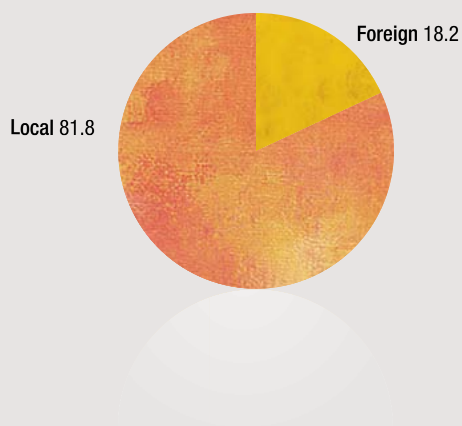
Market Capitalisation (RM billion)



Shareholding by Size (%)



Shareholding Structure (%)

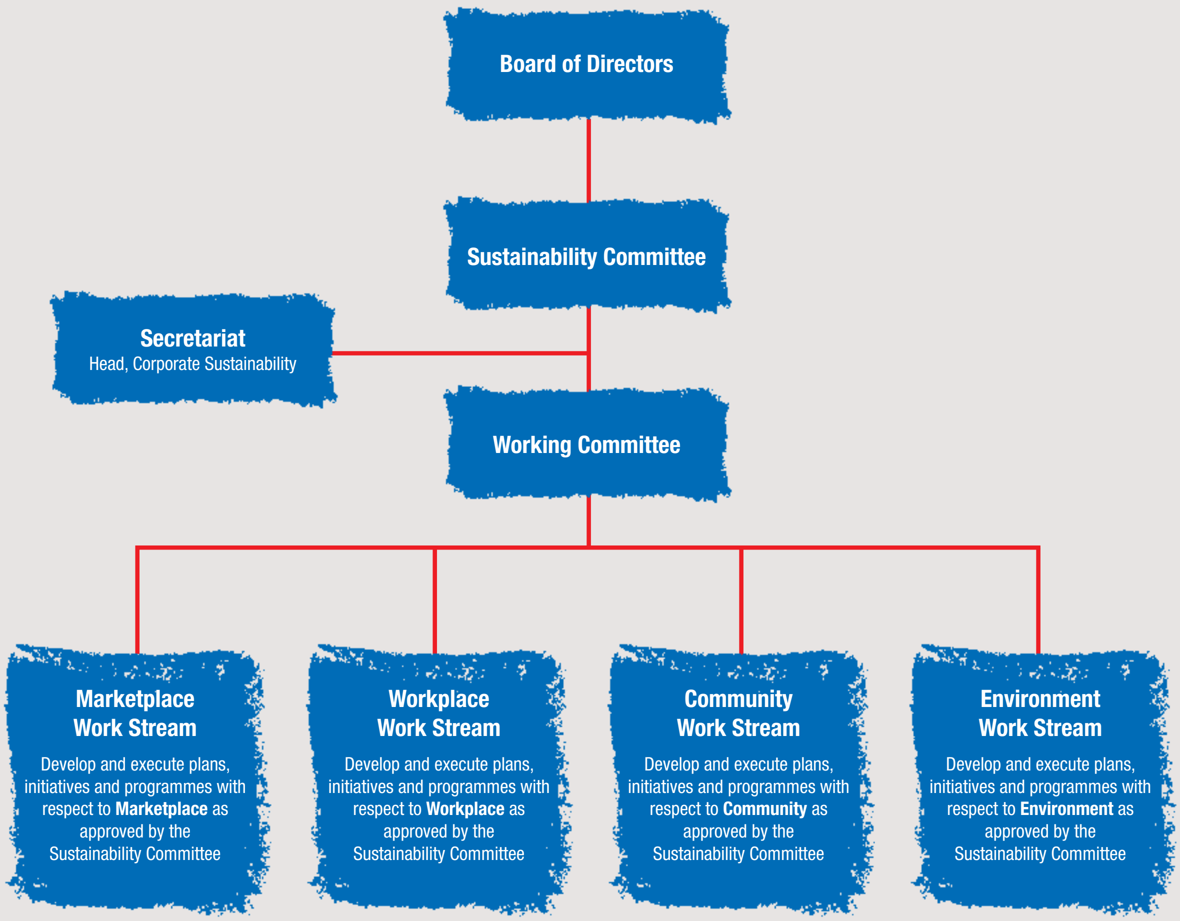


Corporate Sustainability Statement

Bursa Malaysia is committed to building an enduring business model that takes into account marketplace, workplace, environment and the community, and balances business opportunity and risk. Our sustainability strategy aims to deliver lasting value for our shareholders and stakeholders.

Our stakeholder engagement serves as a platform for us to identify and understand our stakeholders' major concerns, which will be taken into account in the management of our business and sustainability strategies.

The Board is responsible for Bursa Malaysia's overall sustainability strategy. The oversight of Bursa Malaysia's sustainability agenda rests with the Sustainability Committee, comprising our senior management and led by the CEO. The Committee's responsibilities include monitoring and reporting sustainability performance to the Board and communicating to stakeholders. The management of the initiatives will be run by the newly formed Corporate Sustainability Department.



1. Marketplace

As a frontline regulator, our primary responsibility is to ensure the sustainability of our capital markets. Ensuring market quality and integrity, building an informed investment community and developing competitive products and services top the list of our focus areas in the marketplace dimension. We strongly advocate that Malaysian PLCs integrate sustainability practices into their business strategies. As a PLC itself, Bursa Malaysia includes elements of sustainability in its business strategy with the primary aim of building a quality market.

During the year:

a. We practised ethical procurement and vendor management;

b. We continued to promote high standards of CG practices among PLCs by holding seminars for PLC directors and co-hosting the annual CG Week with the SC;

c. We launched the 'Business Sustainability Programme' to guide PLC directors in their own sustainability agenda. The Programme consists of a sustainability guide for directors, a knowledge portal, a project matching facility and thought leadership sessions on the subject;

d. We continued our efforts to build an informed investment community and promote our offerings through initiatives such as Market Chat, Talk Futures, Invest Malaysia and Islamic capital market forums as well as via our CBRS research scheme. We also advocated financial literacy among undergraduates by partnering with CFA Malaysia in the Bursa Malaysia-CFA Malaysia Investment Research Challenge 2011;

e. We elevated market efficiency, product diversity and globalised our offerings with the introduction of new products and services such as CBBC, e-Dividend, e-Share and the trading of our derivatives products on CME Globex®;

f. We were re-certified for ISO 9001:2008 (Quality Management System), ensuring our commitment to enhance the quality of our products and services as well as our customer service; and

g. We supported industry initiatives such as The Star-ICRM Awards, NACRA 2010 Awards and ACCA Mesra Awards, to increase the awareness, understanding and adoption of good CG and sustainability practices.

2. Workplace

To deliver value to our shareholders and manage stakeholder expectations, we rely heavily on our greatest asset which is our employees. We want to be a preferred employer that can attract and retain the best talents for the sustainable growth of our company. To us, being a caring and responsible employer is not an option but an obligation we have to our employees.

On that score, we shall continue to invest in our employees, supporting their personal and professional development, inculcating a work-life balance, and ensuring employees' health and safety. As a learning organisation, we offer opportunities for employees to be challenged, to make a difference, to grow, to make significant contributions, to innovate and ultimately to succeed. In the workplace, establishing strong succession planning and increasing the number of positively engaged employees ranked high in our sustainability agenda.

During the year:

a. We continued to focus on human capital development efforts through functional and technical trainings as well as managerial and leadership skills trainings. Various HR development programmes were introduced during the year such as talent management programmes, mentoring programmes and leadership programmes. In order to inculcate a culture of knowledge among employees and the public, we re-launched the library, now called Knowledge Centre@Bursa;

b. We engaged with our employees via various activities such as GHR Open Day, Quarterly Breakfast with the CEO, Bursa@Work Bootcamp and Bursa@Work Employee Recognition Award;

c. We promoted work-life balance through the introduction of flexi-working hours. We also conducted health and wellness programmes through medical talks with the employees and encouraged our employees to use the in-house gym and sports facilities. Our employees also participated keenly in sports activities; and

d. Our efforts towards building a talent pool saw the recruitment of nine local and foreign university graduates for our in-house 18-month management associate training programme called Trailblazer. We also trained 93 students from local and foreign universities under our internship programme, exposing them to working life, our business and the industry as a whole through placements in various business and support units.

3. Community

Bursa Malaysia invests in community initiatives that are aimed at improving lives and creating a meaningful impact. We channel our community endeavours through our foundation, Yayasan Bursa Malaysia. Our key thrusts focus on developing the youth through enhanced education opportunities, and increasing financial literacy and capital market awareness through educational activities. Our philanthropic activities focus more on the underprivileged and the deserving. We see employee volunteerism gaining strength but we regard this as one area we can improve on going forward.

a. Our focus in youth development programmes was demonstrated by the following activities:

- We helped develop talents through the Yayasan Bursa Malaysia scholarship programme which entered its fifth year. So far, the programme has awarded 25 scholarships to deserving undergraduates with a value close to RM1 million. In 2010, scholarships worth a total of RM264,000 were awarded to six undergraduates in varied disciplines from universities nationwide;
- We ventured into school adoption in partnership with Yayasan PINTAR of Khazanah Nasional. The PINTAR school adoption programme is a three-year programme targeted at rural schools, aimed at promoting intelligence, nurturing talent and advocating responsibility amongst school children. Bursa Malaysia adopted two rural schools, namely Sekolah Menengah Kebangsaan Batu Laut in Tanjong Sepat, Hulu Langat, and Sekolah Kebangsaan Tun Abdul Razak in Kuala Kubu Bharu. We contributed to the schools in many ways, including sponsoring educational enhancement activities such as providing books for the school libraries, working with teachers and students to improve their performance in major examinations and subscribing English newspapers to help develop English language skills amongst students;
- We enhanced financial literacy and youth leadership among young children through school holiday programmes, workshops and camps for our employees' children and other children as well. During the year we organised three *Moneywise'* money management sessions and two *Toastmaster's* public speaking workshops for children from the ages of seven to seventeen. Separately, five children in the same age category gained from Yayasan Bursa Malaysia's sponsorship in *Diode* youth leadership camp;
- We partnered with CFA Malaysia to organise the *Bursa Malaysia-CFA Malaysia Investment Research Challenge 2011* for undergraduates from local universities and colleges. The aim was to promote interest in the financial research and analysis industry amongst undergraduates as well as provide them with real life experience in this discipline. 18 teams from 11 different tertiary institutions took part in the challenge; and
- We supported several skills enhancement and motivational programmes for secondary and university students.

b. We continued to remain active in our philanthropic efforts during 2010 with the following activities:

- *The Edge-Bursa Malaysia Kuala Lumpur Rat Race* ran for the 11th year on 3rd August 2010, raising RM1.75 million that benefited 20 charitable organisations. The Race successfully raised RM11.19 million and benefitted 125 charitable organisations since its inception;
- We visited the *Rat Race* beneficiaries, ensuring progress of the projects and programmes they had proposed to do with the proceeds they received from the *Race*. This also provided opportunities for us to strengthen our community involvement;
- Bursa Photography Club, in collaboration with the Malaysian Association for the Blind, shared their skills with the visually impaired to capture shots using their other senses. These two-hour monthly sessions began in 2009;
- We rewarded our employees' children for their excellent performance in major examinations. 37 children benefitted from the award in 2010. Separately, 30 of our employees' children received financial assistance to prepare them at the start of new school year; and
- Our staff organised four visits to the underprivileged, such as to hospitals, old folks' homes and orphanages, demonstrating their spirit of volunteerism.

c. We promoted employee volunteerism in our activities, elevating their personal sense of responsibility to the community. More than 110 staff volunteered their time, clocking in a total of 530 volunteer hours.

4. Environment

Bursa Malaysia is committed to minimise its impact on the environment by managing its carbon footprint and conserving natural resources. Our environmental management system enables us to systematically manage and improve our environmental performance and increase operating efficiency. Bursa Malaysia is the first stock exchange to be certified ISO 9001:2008 and ISO 14001:2004 simultaneously, and we have been certified since 2007. We complied with all relevant legislation and received no environmental management complaints in 2010.

During the year:

a. We established our carbon footprint and worked towards minimising our GHG emission via several initiatives:

- The biggest contributor to Bursa Malaysia's carbon footprint is from indirect source of electricity usage, which contributed 91% to our total carbon footprint. We implemented more energy saving initiatives in 2010, resulting in a reduction in the GHG emission from this source. Initiatives included switching off lighting in non-critical areas as well as managing our air conditioning and lift operations. We managed our business air travel as it, too, contributes to our indirect CO^2 emissions. We encouraged employees to tele and video conference whenever possible and we upgraded our conference facilities.

GHG Protocol Emission Scope[1]	Source of Emission	GHG Emission[2] (in tonnes of CO^2 equivalent)	
		2009	2010
Scope 2	Electricity Usage	6,189	6,185
Scope 3	Business Air Travel	475	609
Scope 3	Paper Consumption	–	16
Total		**6,664**	**6,810**

Note:

1. *Our GHG emission scope and source of emission were referenced to GHG Protocol – A Corporate Accounting and Reporting Standard of the World Resources Institute and World Business Council for Sustainable Development.*
   - *Scope 2 refers to indirect GHG emissions from consumption of purchased electricity, heat or steam.*
   - *Scope 3 refers to other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g. T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.*
2. *GHG emission is computed as follows:*
   - *GHG emission for electricity usage was calculated by multiplying quantity of purchased electricity (kWh) by 0.684 tonnes CO^2/MWh emission (factor is based on 2007 report by Pusat Tenaga Malaysia titled 'Study on grid connected electricity baselines in Malaysia'.)*
   - *GHG emission for business air travel was based on the International Civil Aviation Organisation Carbon Emissions Calculator. Carbon footprint was computed for each man trip made.*
   - *GHG emission from paper consumption used VfU Indicator 2005 emission calculator. No emission was calculated for 2009 due to the inability of data.*

b. We also focused on various conservation efforts through the following initiatives:

- Reducing our general waste to 155,611 kg (2009: 406,410 kg) and scheduled waste to 219.2 kg (2009: 1,078 kg);
- Our water consumption was reduced to 113,594 cubic metres (m3) in 2010 (2009: 119,718 m3). We also embarked on water conservation efforts, diverting underground water to the air conditioning cooling tank;
- We promoted e-Services such as e-Dividend and e-Share, reducing the need to use paper;
- We continued to instil the habits of 'Reduce, Rethink, Reuse and Recycle' in our staff, our tenants' staff and canteen operators. We introduced 'No Styrofoam Day' on Fridays and encouraged the use of 3R bins. We encouraged employees to minimise usage of paper, to recycle used paper for draft printing, to do double-sided printing and to recycle toner;
- Our employees send electronic greeting cards in our efforts to save trees; and
- We preferred to work with vendors and suppliers who have knowledge on environmental issues. Such knowledge was taken into consideration in our vendor and supplier selection process.

c. We continued carbon-offset efforts with the planting of 231 trees for *The Edge-Bursa Malaysia Rat Race 2009* event, supporting the nation's 'One Citizen, One Tree' campaign.

d. To increase knowledge on environmental protection among employees and school-going children, we conducted several briefings and environment activities during the year. We worked with TrEES, an environmental NGO, to teach students from our adopted schools about environmental conservation. We sponsored and hosted a bi-monthly talk by CSR Asia on sustainability issues for our Malaysian PLCs.

Moving Forward

At Bursa Malaysia, we take the recently launched *Business Sustainability Programme for PLCs* as a challenge for ourselves as well. We have always promoted CS as a key to sustainability, and we will be progressively integrating sustainability elements into Bursa Malaysia's overall strategy. In 2011, for instance, Bursa Malaysia expects to publish its first stand-alone *Sustainability Report*. This milestone will provide a tangible basis for sustainability disclosure and communication and a platform for meaningful stakeholder engagement. We also intend to adhere to the Global Reporting Initiatives guidelines for our annual reporting in future years. Our leadership role in championing sustainability is something we take seriously.

Corporate Governance Statement

The purpose of this statement is to provide investors with an insight into the CG practices of the Company in addition to compliance with paragraph 15.25 of the MMLR under the principled leadership of the Board. This statement serves as a testament of the Board's commitment to keep the corporate conscience alive in its continuous effort to strive for the highest standards of CG practice in Bursa Malaysia.

The Board of Directors

1. Principal Responsibilities of the Board

The Board has six specific responsibilities, as described below, which are discharged in the best interests of the Company, in pursuance of an integrated regulatory and commercial objective:

a. Reviewing and adopting a strategic plan for the Company

The Board plays an active role in the strategy development and planning process. At the end of each year, the management presents to the Board for approval the proposed strategy for the ensuing year. The process includes review and suggestion by the Board, leading to approval of the annual business plan and budget as well as the setting of corporate KPIs. The corresponding targets are used by the Board for evaluating the Company's actual performance.

At an offsite meeting in October 2009, the NEDs reviewed and challenged the management in the light of current market issues, gave their input to modify the approach in line with the strategic objectives set for 2009-2011. In doing so, the Board considered the proposed priorities and initiatives aimed at developing a differentiated value proposition for Bursa Malaysia to enhance its competitiveness and to achieve its regulatory goals. This served as guidance in formulating and mapping the strategies into the 2010 Business and Regulatory Plans which were subsequently approved in November 2009.

A mid-year review of the 2010 Plans was conducted by the Board in June 2010. The management presented the status of strategy implementation together with key initiatives undertaken in the first half of the year as indicated in the strategy dashboard and the CBS. The management also reported on the year-to-date financial performance for comparison against budget.

The Board continuously focused its deliberations on business strategy, product development and market infrastructure for the securities, derivatives and Islamic markets.

A similar process was adopted in November 2010 for the development of the 2011 Business and Regulatory Plans. The Board reviewed the sustainability, value and effectiveness of the implementation of the strategic plan in 2010, and discussed substantively the potential development areas for improving Bursa Malaysia's positioning as an investment and listing destination of choice.

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

The Governance Model for the Group which is supported by the ALD was revised to reflect the flow of authority and functions of the CEO and management, including relevant business governance and rules committees, in accordance with the approved financial limits as set out in the ALD to facilitate an efficient approval process. The OC was removed from the Governance Model upon the expiry of the ESOS on 8 March 2010.

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[1], the CEO and management to ensure an optimum structure and efficient decision-making in the organisation. The Group management governance framework is put in place to enable good business and regulatory governance in accordance with the approved policies and guidelines which remain within the Board's oversight.

The key matters reserved for the Board's approval include the annual business plan and budget, dividend policy, business continuity plan, new issues of securities, strategic collaboration which involves business restructuring, acquisitions and disposals of companies within the Group, as well as disposals of significant fixed assets.

1 The Board Committees comprise three 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.

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 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 in respect of both its regulatory and commercial functions. He is supported by the Leadership 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.

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 of actions taken by the Regulation group and provide updates on regulatory initiatives. In March 2010, the Board also reviewed the Annual Regulatory Report 2009 before the report was submitted to the SC. The Regulation group also kept the Board updated on the steps taken in response to the issues raised by the SC in the Regulatory Assessment Report of the previous year.

In addition, the Board reviewed the findings of the 2009 Customer Satisfaction Survey conducted by an external research firm, Synovate. The survey showed improvement in the level of satisfaction among Bursa Malaysia's external stakeholders compared with the previous year, as well as the relevant business units or functional groups' contribution to the quality of business process, overall image and value. The outcome of the survey is used as guidance to focus on areas which require improvement.

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

Through the RMC, the Board oversees the ERM framework of the Group. The RMC advises the 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 74 to 75 of the Annual Report.

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

The Board has entrusted the NRC with 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 Group. The Board is satisfied that the NRC, in its current form, effectively and efficiently discharges its functions and, accordingly, decided in February 2010 that there was no need to separate the nomination and remuneration functions into discrete Nomination and Remuneration committees.

In September 2010, the NRC reviewed its TOR to reflect the nomination and remuneration matters separately for the purpose of clarity. As a result, it set out more expansively the practices undertaken by the NRC as authorised by the Board, to enhance Board effectiveness.

In reviewing the Directors' succession in line with the Board's 9-year policy, the NRC proposed to the Board in July 2010 the establishment of data for a pool of potential directors. Each existing Board member was asked to provide names of persons he considered fit to be a director of the Company, thus providing for the continued effective functioning and progressive refreshing of the Board.

With the expiry of the CEO's contract in January 2012, the Board established a Special Task Force (STF) in July 2010 to identify potential candidates for the CEO position. The STF first established selection criteria and essential qualities of a successor, including leadership skills, strategic thinking capability, ability to implement change and other relevant factors. A broad spectrum of both internal and external candidates was reviewed, taking into account background and working experience, set against the backdrop of the criteria. The STF presented its report together with a short-list of candidates for the NRC's consideration, which the NRC deliberated upon and, thereafter, gave its recommendations to the Board.

The NRC also considered the final candidate's remuneration package as part of the CEO's appointment process, and further recommended the same to the Board for approval. In February 2011, the Board agreed with the NRC's recommendation on the selection of the final candidate to be the CEO in succession, based on his competencies, strength and achievements, which are viewed to be capable of driving Bursa Malaysia forward in the changing exchanges landscape.

The NRC is also entrusted with the review of the human resources plan of Bursa Malaysia, including the succession management framework and activities, human resource initiatives and the annual manpower budget. In January 2010, the NRC embarked on a search and selection process for key management positions. The appointment of Global Head, Securities Markets was approved in July 2010 based on the revised organisation structure. Proposed candidate for the CMOO position was considered in December 2010 in view of replacing the retired CMOO.

The NRC undertakes a yearly evaluation of the performance of key management personnel (except for the Head of Group IA/CIA who reports directly to the AC) whose remuneration is directly linked to performance. For this purpose, the 2009 CBS and KPIs results of the CEO, the COO and CRO were reviewed by NRC in February 2010. The AC assessed the performance of Head of Group IA, and further recommended the Head of GIA's 2009 Balanced Scorecard and KPIs results to the NRC for determination of his discretionary performance reward.

In the fourth quarter of 2010, the NRC also reviewed the performance of the CRO for approving the renewal of the CRO's service contract together with her remuneration package for the next three years. The NRC further made recommendations to the SC with its approval on the CRO's appointment in accordance with the Guidance on the Regulatory Role of Bursa Malaysia.

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

Bursa Malaysia believes in building investor confidence through good CG, and the Company carried out its IR activities in accordance with the IR Policy which is available on Bursa Malaysia's website. A separate report on IR activities is provided on pages 56 to 57 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 71 to 73 and pages 74 to 75 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 there is one Executive Director, who is also the CEO. The four PIDs are appointed by the 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. Through the BEE Directors' Self and Peer Assessment, the NEDs have indicated their satisfaction with the level of independence of each of their peers and their ability to act in the best interest of the Company in decision-making. The Directors have made a valuable contribution to the Company through their business acumen, and the application of a wide range of functional knowledge and skills from their long-standing experience. They are drawn from differing backgrounds such as accountancy, law, regulation, business, finance, stock broking 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. In this regard, the Board is of the view that the current size of the Board is appropriate given the unique composition of the Board comprising PIDs, as well as the governance and regulatory functions of an exchange holding company. It is also of the view that it has the right mix of skills, experience and strength in qualities which are relevant and enable the Board to carry out its responsibilities in an effective and competent manner.

In Bursa Malaysia, the Chairman, who is a PID, leads the Board. In turn, the Board monitors the functions of the Board Committees in accordance with the respective TOR to ensure its own effectiveness, while the CEO manages the business and operations of the Company and implements the Board's decisions. 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.

For the foregoing reason, and given the Board's ability to act independently and objectively due to its unique composition with 1/3 PID and more than 1/3 NED, the existing structure was considered adequate to enable any concern on the Company to be conveyed or channelled to the Board for its deliberation. Nevertheless, in January 2011, the Board appointed Dato' Dr. Thillainathan to be the Senior Independent NED[2] as an additional safeguard, to serve as a fallback point of contact for investors and shareholders when the normal channel of communication is considered to be inappropriate or inadequate.

2 The contact details are set out in the Corporate Information on page 83 of the Annual Report.

As at 31 December 2010, the Company has more than 60% 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[3]. 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.

3. Board Structures and Procedures

a. Board and Board Committee Meetings

The Board of Directors' convened 12 meetings in 2010, out of which eight were scheduled in advance (including two Board offsite meetings) and four were special meetings. The Directors' attendance was as follows:

Name of Directors	Attendance
Tun Mohamed Dzaiddin bin Haji Abdullah (Chairman)	11/12
Dato' Tajuddin bin Atan	11/12
Datuk Dr. Md Tap bin Salleh[4]	8/9
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir[5]	3/3
Dato' Abdul Latif bin Abdullah[6]	3/3
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego[7]	7/7
Datin Paduka Siti Sa'diah binti Sheikh Bakir	10/12
Dato' Dr. Thillainathan a/l Ramasamy	11/12
Dato' Sri Abdul Wahid bin Omar	9/12
Izham bin Yusoff	10/12
Dato' Wong Puan Wah @ Wong Sulong	12/12
Cheah Tek Kuang	9/12
Dato' Saiful Bahri bin Zainuddin	10/12
Ong Leong Huat @ Wong Joo Hwa	10/12
Dato' Yusli bin Mohamed Yusoff (CEO)	11/12

In 2010, there were five 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. Issues of concern that were 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 based on the targeted date of announcement of quarterly results of the Group. 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, analysis and recommendation for supporting the proposals to enable informed decision-making by the Board. 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 or share information with their peers in the course of deliberation. 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 inquiry and response, members' suggestions and the decisions made. In doing so, the Company Secretary internalises the governance principles in the Company and keeps the Board updated on the follow-up action arising from the Board's decision and/or request at subsequent meeting. This allows the Board to perform its fiduciary duties and oversight role of the respective Board Committees' functions.

3 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 2010 have equal shareholdings in the Company. Details of their shareholdings are set out in Statistics of Shareholdings as at 14 February 2011 on page 175 of the Annual Report.

4 appointed as a PID on 1 April 2010.

5 appointed as a PID on 5 August 2010.

6 ceased to be a PID w.e.f. 1 April 2010.

7 ceased to be a PID w.e.f. 9 June 2010.

b. Supply of and Access to Information

The Directors have individual and independent access to the advice and dedicated support services of the Company Secretary in ensuring effective functioning of the Board. The Directors may seek advice from the Leadership Team or management on issues under their respective purview. The Directors may also interact directly with, or request further explanation, information or update on any aspect of the Company's operations or business concerns from the Leadership Team. In addition, the Board may 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. An external consultant is engaged to carry out the BEE every three years, and this exercise was last conducted in 2008. In 2010, the Company Secretary facilitated the NRC in carrying out the BEE exercise. The BEE was conducted via questionnaires, which comprise a Board and Board Committee effectiveness assessment, and a Directors and Board Committee members self and peer assessment. The NRC reviews the outcome of the BEE exercise, recommends to the Board action plans for improvement and follows up on the action plans.

The Board assessed its effectiveness in the areas of composition, administration, accountability and responsibility, conduct, the performance of Chairman and CEO. The Board, through the Board Committee effectiveness assessment, examined the respective Board Committees, including their respective Chairmen, to ascertain whether their function and duties are effectively discharged in accordance with the TOR. The Directors self and peer assessment is intended to evaluate the mix of skills, experience and other relevant qualities the NEDs should bring to the Board, and takes into account the individual director's ability to exercise independent judgement at all times and their contribution to the effective functioning of the Board. The self and peer assessment process also examines the ability of each Board or Committee member to give material input at meetings and demonstrate a high level of professionalism and integrity in the decision-making process. The assessment results form the basis of the NRC's recommendation to the Board for the re-election of Directors at the next AGM.

The Company Secretary collates the feedback and summarises the findings, with the assurance of anonymity, as part of the governance review process. The NRC analyses the BEE results and recommends to the Board an action plan for improvement in the areas identified in the BEE. Each Board and Board Committee member is provided with individual results together with a peer average rating on each area of assessment for personal development.

d. Training of Directors

The Company provides a dedicated training budget for Directors' continuing education. Relevant training (internal or external) programmes are arranged by the Company Secretary for the Directors and members of Board Committees. The Directors were also invited via e-mail to attend training on CG for continuous development and update on CG best practices. A series of talks was organised by Bursa Malaysia together with various professional bodies throughout the year, including 'Technical Week on Leading Governance' held in April 2010 and SC-Bursa Malaysia CG Week-Towards CG Excellence from 28 June 2010 to 2 July 2010.

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 2010, all Directors attended development and training programmes, the details of which are set out on pages 167 to 171 of the Annual Report. Each Director has attended at least three training sessions on capital market development in 2010 in accordance with the internal policy to keep abreast with industry developments and trends.

Two newly appointed PID, Datuk Dr. Md Tap completed the Mandatory Accreditation Programme (MAP) in April 2010 whilst Datuk Dr. Syed Muhamad completed the MAP in May 2005 when he was first appointed as a director of a listed issuer in June 2005. They also attended the induction programme organised by the Company Secretary to familiarise themselves with the Group's business and governance processes. They were provided with a Directors' manual which contains the Group Governance Model, TOR and other applicable policy, guidance or guidelines for their easy reference.

An offsite session was held on 9 December 2010 for the LC members to discuss on common area of breaches, enforcement actions and policies, as well as the proposed changes to the LR and Corporate Disclosure Guide. The MPC members also had an offsite session on 14 December 2010 to review its enforcement policies, enforcement impact on key breaches and to discuss on key area of changes proposed under the revamped business rules in relation to market participants.

4. Appointments to the Board and Board Committees

a. Appointments to the Board

The NRC, which comprises one PID and four 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 and professionalism. 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 MMLR is satisfied, taking into account his character, integrity and professionalism.

The Board has also approved the nine-year policy as guidance where an independent NED who has served for nine years on the Board, will be subjected to a rigorous review by the Board, to determine whether the Director can continue to be independent in character and judgement, and also to take into account the need for progressive refreshing of the Board.

In 2010, there was no proposal of any candidate for directorship at the 33rd AGM which was subject to Article 71 of the AA and the SC's approval. However, two PIDs were newly appointed by the Minister of Finance pursuant to Section 10(1) of the CMSA in April and August 2010 respectively.

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 and when the need arises. The Board Committee members' self and peer assessment results are used as reference by the NRC in recommending to the Board for approval of the appointment of the relevant Board Committees members for the ensuing term.

In April 2010, the Board established an ad-hoc Board Committee, the Corporate Health Check Committee (CHCC), which comprised independent NEDs, to ascertain the general health condition and progress of Bursa Malaysia since its listing in 2005, and to determine factors which could potentially hinder effectiveness of the organisation. The CHCC's recommendations were approved by the Board to be implemented for the benefit and growth of the Company, which is also fundamental to good CG.

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 recommendations to the Board on the re-election of Directors through this process of retirement by rotation in accordance with the provisions of the AA. At the 33rd AGM held on 29 March 2010, 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 3/4 majority. At the 33rd 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

RM90,000 per annum for the Chairman and RM60,000 per annum for each NED (as approved by the shareholders at the 33rd AGM for FY2009).

b. Meeting allowance for each Board or Board Committee[8] 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.

c. Benefits-in-kind and emoluments

NEDs are not entitled to participate in the ESOS or any incentive plan for employees of the Group. 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, revised to RM50,000 since 1 March 2010, 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 COI.

8 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.

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 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 a duty or trust. The Directors and principal officers are required to contribute jointly to the premium of the D&O Insurance 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 2010, the Board approved the NRC's recommendation to maintain the existing remuneration policy, given that the Directors' fees were recently increased for FY2009 upon the shareholders' approval at the 33rd AGM. Accordingly, the Board agreed with the NRC's recommendation to maintain the remuneration of the NEDs as appropriate taking into account the fiduciary duties and time commitment expected of them.

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

The last review of the CEO's remuneration package was conducted by the NRC in the third quarter of 2009, in conjunction with the renewal of his service contract taking into account pay mix trends and positioning across GLCs, financial institutions and investment banks, as well as regional exchanges. The same was recommended to the Board for decision.

3. Disclosure of Board Remuneration

Disclosure of each Director's remuneration is set out in the Annual Audited Financial Statements on page 126 of the Annual Report.

Shareholders

1. Dialogue between the 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. These briefings include a presentation, conference call as well as a Question and Answer session. The events are web-cast, and a transcript is also made available to all shareholders and investors on Bursa Malaysia's website. A detailed report on Investor Relations appears on pages 56 to 57 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 33rd AGM. All 13 Directors were present to account to the shareholders for their stewardship of the Company. The proceedings of the 33rd AGM included the CEO's presentation of the Company's operating and financial performance for 2009, the presentation of the external auditors' unqualified report to the shareholders, and a Question and Answer 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 Directors, CEO/ management and external auditors were in attendance to respond to the shareholders' queries. The CEO also shared with the meeting the responses to the questions submitted in advance by the MSWG.

Shareholders were invited to drop any additional questions in an enquiry box placed at the venue of 33rd AGM so that they might be responded to in writing after the meeting. The officers of the Company were also present to handle enquiries from shareholders.

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. All the resolutions set out in the Notice of the 33rd AGM were put to vote by show of hands and duly passed. The outcome of the 33rd AGM was announced on the same day via Bursa LINK, which is accessible on Bursa Malaysia's website. The minutes of AGM were posted in the financial section of IR Portal.

In response to the directive dated 19 February 2010 to all listed issuers, Bursa Malaysia had issued a letter to shareholders on 5 March 2010 together with Notice of 33rd AGM to inform the shareholders of the implementation of e-Dividend and its benefits in September 2010. The Company's representatives were available at the venue of 33rd AGM to brief the shareholders on the benefits of e-Dividend and the registration process in view of the commencement date of registration for e-Dividend on 19 April 2010.

3. Corporate Sustainability

The Board promotes good CG in the application of sustainability practices in Bursa Malaysia, the benefits of which will translate to better corporate performance. A detailed report on sustainability activities appears on pages 58 to 61 of the Annual Report.

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 MMLR. In this respect, the financial statements are reviewed by the AC at its meetings, in the presence of external auditors and internal auditors, before being presented to the Board for approval. The CFO also presented to the AC and the Board slides containing details of revenues and expenses in the form of charts, for review of quarter-to-quarter and year-to-date financial performance against budget. The Chairman's Message and CEO's Message on pages 16 to 17 and pages 34 to 47 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 87 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 71 to 73, pages 74 to 75 and pages 76 to 77 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/she 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 held two meetings with the external auditors in 2010 to discuss management's cooperation in the audit process, the quality and competency in the financial reporting function, the state of affairs of the IA function and audit issues in relation to appropriate accounting treatment. These meetings were held without the presence of the Head/Acting Head of Group IA and internal auditors, the CEO and management. Further details on the AC in relation to the external auditors are set out in the AC Report on pages 76 to 77 of the Annual Report.

Other Areas

1. Conflict of Interest

In addition to being a business oriented listed entity, Bursa Malaysia has also discharged its obligation as a market regulator. In this regard, COI or potential COI may arise in the course of Bursa Malaysia or its subsidiaries carrying out their respective functions for commercial reasons or the proper performance of its statutory duties as an exchange holding company. Where Bursa Malaysia's own or any other interest conflicts with the public interest, the latter will prevail as Bursa Malaysia is bound by law to act in the public interest, having regard to the need for investor protection.

Bursa Malaysia has continued to maintain the separation of business functions from its regulatory functions. This is to ensure that these functions operate independently, and that business units within Bursa Malaysia are not in a position to influence any supervisory or regulatory decisions made by Regulation. Furthermore, Bursa Malaysia has put into place arrangements and appropriate controls to identify and deal with COI. During the year, Bursa Malaysia has conducted briefing to staff to educate and instil greater awareness pertaining to the COI Guidelines. The Group IA has also performed review on compliance with certain internal processes and procedures, to ensure that conflicts are being properly identified and managed.

In 2010, there was no actual COI arising between Bursa Malaysia's 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 MMLR 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. In 2010, there was no transaction entered into by Bursa Malaysia or its subsidiaries involving conflicts arising from the direct or indirect interest of a director or person connected with such director.

A list of the significant related party disclosures between the Company and its subsidiaries, and between the Group and other related parties including relevant key management personnel for FY2010 is set out on pages 152 to 154 of the Annual Report.

3. **Code of Ethics**

The Company's Codes of Ethics for Directors and employees continue 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.

The management conducted a review on the Code of Ethics for employees with an aim to enhance effectiveness of the whistle-blowing mechanism and procedures. The management also undertook further review in the light of the Whistleblower Protection Act 2010 which came into effect on 15 December 2010.

4. **Dealing in Securities**

The Guidance to Directors for Dealings in Securities was revised in September 2010 to provide clarity to the procedures for compliance by Directors in accordance with the MMLR when dealing in securities of Bursa Malaysia during and outside the closed periods. The revision comprised the relevant provisions on the Directors' duty to make disclosure under the CA and CMSA using the prescribed form of notification for dealings in securities of Bursa Malaysia. The Guidance also provides that Directors must not deal in securities as long as they are in possession of price-sensitive information, consistent with CMSA which prohibits insider trading. In 2010, none of the Directors dealt in securities of Bursa Malaysia during closed periods, although they may do so under exceptional circumstances if deemed acceptable by the Chairman of the Board or, in his absence, the AC Chairman.

The employees of the Company (including principal officers) are informed in advance through internal communication via e-mail before the commencement of each closed period, in which they are not allowed to trade as prescribed under the Securities Transaction Policy to curb insider trading and to avoid COI.

Compliance Statement

The Board is satisfied that in 2010 the Company has complied with the best practices of the CG Code save for the appointment of a Senior Independent NED, which took effect in January 2011.

Internal Control Statement

The Board is committed to maintaining a sound system of internal control in the Group. The following statement outlines the nature and scope of internal control within the Group during the FY2010.

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 policies, goals and objectives. Therefore, the system 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 they are aligned with our strategic objectives, our shareholders' expectations and regulatory requirements, Bursa Malaysia has implemented 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 74 to 75 of the Annual Report.

Key Internal Control Processes

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

1. Separation of Commercial and Regulatory Functions

a. The Group's regulatory and commercial functions are segregated to ensure the proper discharge of Bursa Malaysia's regulatory duties. It is Bursa Malaysia's statutory duty to always act in the public interest, having particular regard to the need for protection of investors. Accordingly, public interest prevails in the event Bursa Malaysia's own interest, or any interest that it is required to serve under any law relating to corporations, conflicts with the public interest. Four PIDs are appointed by MOF to Bursa Malaysia's Board of Directors to act in the public interest.

b. Processes are established and set out in the Guidelines for Handling Conflict of Interest (Guidelines) to deal with any possible COI which may arise in the course of Bursa Malaysia performing its commercial or its regulatory role. The types of COI that are managed by the Guidelines are:

- COI or potential COI where Bursa Malaysia or its subsidiaries make regulatory decisions involving listed issuers, market participants or advisers/sponsors with whom Bursa Malaysia or its subsidiaries have a commercial or competitive relationship;
- COI or potential COI where Bursa Malaysia makes a business decision which may have an adverse impact on the performance of its regulatory duties; and
- Conflicts arising from the interest (direct or indirect) of a director, member or major shareholder or person connected with such director, member or major shareholder in a transaction proposed to be entered into or action/decision to be taken by Bursa Malaysia or its subsidiaries.

2. Authority and Responsibility

a. Certain responsibilities are delegated to Board Committees through clearly defined TOR which are annually reviewed.

b. The ALD is reviewed from time to time to reflect the authority and authorisation limits for management in all aspects of Bursa Malaysia's major business operations and regulatory functions.

3. Planning, Monitoring and Reporting

a. An annual planning and budgetary exercise is undertaken requiring all divisions to prepare business plans and budgets for the forthcoming year, which are deliberated upon and approved by the Board before implementation.

b. Monthly monitoring and half-yearly review of the Group's performance against budgets with any major variances are deliberated by the Board.

c. There is a 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 the Group's corporate strategy, business and regulatory plans. The Board also reviews and approves the Annual Regulatory Report, which is aimed at reporting to the SC under Section 16 of the CSMA the extent to which Bursa Malaysia and its subsidiaries have complied with their duties and obligations under Sections 11 and 21 of the CMSA.

4. **Policies and Procedures**

   a. Clear, formalised and documented internal policies, standards and procedures are in place to ensure compliance with internal controls and relevant laws and regulations. Regular reviews are performed to ensure that documentation remains current and relevant. Common Group policies are available on Bursa's Malaysia's intranet for easy access by staff.

   b. For significant system development projects that are meant to support new product launches or intended to enhance existing products, Group IA conducts a System Readiness Review to ensure that all the necessary due processes have been adequately considered and adhered to prior to the product launching.

5. **Audits**

   a. Through its internal audits, Group IA assesses compliance with policies and procedures as well as relevant laws and regulations. In addition, it examines and evaluates the effectiveness and efficiency of the Group's internal control system.

   b. Annual on-site regulatory audits are conducted by the SC on the Group's operations to ensure compliance with its duties and obligations under the CMSA, as well as its policies and procedures.

   c. Yearly audits are carried out by the SIRIM in relation to the ISO 9001:2008 Quality Management System (ISO 9001) and ISO 14001:2004 Environment Management System (ISO 14001), collectively known in Bursa Malaysia as the Integrated Management System. This process ensures that product and service quality as well as environment performance comply with international standards and are continually improved. In 2010, Bursa Malaysia was recertified by SIRIM following the completion of a three-year certification cycle which commenced in 2007 with Bursa Malaysia's initial certification.

   d. The Auditor's Independence Policy requires 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 the External Auditors require prior approval by the AC. A change in the lead audit partner of the External Auditors took place in FY2010 pursuant to this policy. The concurring audit partner was also changed in FY2010 and will be rotated in FY2015.

   e. The External Auditors are engaged to conduct a limited review of quarterly financial results.

6. **Performance Measurement**

   a. KPIs, which are based on the CBS approach, are used to measure staff performance.

   b. Yearly internal and external surveys, via an employee engagement survey and a customer satisfaction survey respectively, are conducted to gauge feedback on effectiveness and efficiency for continuous improvement.

7. **Staff Competency**

   a. Training and development programmes are established to ensure that staff is kept up to date with the necessary competencies to carry out their responsibilities towards achieving the Group's objectives. A KPI on average learning days per staff is in place to encourage staff learning, growth and knowledge sharing.

8. **Conduct of Staff**

   a. A Code of Ethics is established for all employees which defines the ethical standards and conduct of work required at Bursa Malaysia.

   b. Bursa Malaysia has in place a Whistleblower Policy, which forms part of the Code of Ethics, to provide an avenue for staff to report any breach or suspected breach of any law or regulation, including business principles and the Company's policies and guidelines in a safe and confidential manner. The current Policy is being reviewed to enhance effectiveness and is expected to be implemented in the first quarter of 2011.

   c. A Securities Transaction Policy is established to govern the securities transactions of the Group's staff. The policy prohibits employees from using unpublished price sensitive information obtained during the course of their work for personal gain or for the gain of other persons. Employees (including principal officers) are also not allowed to trade in the securities of Bursa Malaysia during closed period.

   d. A Corporate Fraud Policy is established to aid in the detection and prevention of fraud and to promote consistent organisational behaviour and practices.

   e. Segregation of duties is practised whereby conflicting tasks are apportioned between different members of staff to reduce the scope for error and fraud.

9. **Business Continuity Planning**

   a. A comprehensive BCP, including a DR plan, which is tested annually, is in place to ensure continuity of business operations.

10. **Insurance**

   a. There exists sufficient insurance coverage and physical safeguards on major assets to ensure that assets of the Group are adequately covered against any mishap that could result in material loss. A yearly policy renewal exercise is undertaken in which Management reviews the cover based on the fixed asset inventory and the respective net book values and 'replacement value' i.e. the prevailing market price for the same or similar item, where applicable. The underwriter also assists by conducting a risk assessment, which helps Bursa Malaysia in assessing the adequacy of intended cover.

Review of this Statement

Pursuant to paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement and the Risk Management Statement for inclusion in the Annual Report for FY2010, 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. Both statements were approved by the Board on 27 January 2011.

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 approval of this statement is sound and sufficient to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

Risk Management Statement

Risk management is an integral part of Bursa Malaysia's business, operations and financial performance.

The RMC is established pursuant to Section 22 of the CMSA. It is chaired by a PID and the four other members are independent directors. The composition of the RMC is set out on page 81 of the Annual Report.

Four meetings of the RMC were held in 2010. The RMC examined, reviewed, discussed and provided advice on a broad range of risk issues relating to Bursa Malaysia's business strategy, operations and initiatives. These encompass:

- Key corporate risks and exposures;
- ERM activities;
- Business and system related problems and incidents; and
- Risk assessment of strategic initiatives.

Risk Management Framework

The Board assumes overall responsibility for risk and has put in place an integrated ERM framework.

The management, which includes the Leadership Team members and Divisional Heads are the first line of defence in Bursa Malaysia's management of risk. They are responsible for exercising business judgement and ensuring that policies, processes and internal controls are in place for managing risks in day to day operations.

The second line of defence in the management of risk is provided by the RMC assisted by CRM. It is responsible for overseeing the risk management activities of the Group and ensuring compliance and effective implementation of risk policy and objectives.

The third line of defence is the AC assisted by Group IA. It provides independent assurance of the adequacy and reliability of the risk management processes and system of internal controls, and compliance with risk-related regulatory requirements.

We have also established a comprehensive risk management process to identify, assess and prioritise key corporate risks, consider the likelihood and potential impact of each risk event, and develop strategies and action plans to manage and mitigate each identified key corporate risk.

Managing Significant Risks

1. Business interruption risk

We recognise the challenge to ensure business resilience and continuity, not only in volatile market conditions, but also in the face of system and infrastructural deficiency/failure and, in recent times, cyber-threat.

Bursa Malaysia participated in a vulnerability assessment study, to identify and address vulnerabilities in our critical infrastructure, if any, and to mitigate the risk of cyber-threats/attacks. We also participated in the X-MAYA 3, a national cyber drill coordinated by National Security Council. Both initiatives were part of the national agenda to prepare and protect critical national information infrastructures against cyber attacks. The next step will be the development of a cyber crisis management plan for Bursa Malaysia and market participants.

In 2010, Bursa Malaysia Derivatives migrated its derivatives products onto the CME Globex® electronic trading platform (hosted in the US). This includes the implementation of a new order management system, Bursa Messaging Gateway and Market Data Gateway, collectively referred to as the 'ASP' system. As part of the ASP implementation, the requisite business continuity disaster recovery tests were conducted and our capability to cross over to our Disaster Recovery Centre and resume operations there was confirmed.

A full physical BCP test with securities market participants was conducted on 13 November 2010. A separate BCP test will be conducted for the derivatives market in view of the different time zones, as the Globex® trading host is located in US.

Other BCP requisites such as the review and updating of documentation, awareness briefings and training for staff and recovery organisation have also been conducted.

Following the completion of Phase 1 of the BIA in 2009, which looked at mission critical functions, Phase 2 was undertaken in 2010 covering the remaining business and support functions enterprise-wide. The BIA provides a basis for developing our recovery strategies and business continuity capabilities.

2. Regulatory risks

Bursa Malaysia continues to maintain a dynamic and balanced regulatory approach to ensure a fair and orderly market. The most effective forms of regulation are those that target the areas of greatest risk. These matters are fully described in the Regulatory Report pages 50 to 53 of this Annual Report, but the principle focus was on safe-guarding market orderliness, protecting investors' interests and promoting high standards of business conduct amongst participants.

Bursa Malaysia will also continue to review its overall operations and the manner in which we deal with our regulatory responsibilities to ensure that we become more effective, timely and efficient in discharging our regulatory responsibilities.

3. Counterparty credit risk

In managing counterparty/settlement risks where Bursa Malaysia Securities Clearing and Bursa Malaysia Derivatives Clearing act as the Clearing Houses for equities and derivatives trades respectively, and to prevent any systemic impact on the market, Bursa Malaysia continues to employ a robust risk management process comprising:

a. Daily mark-to-market positions, initial and variation margin requirements and collateral management;

b. Capital requirements and adequacy;

c. Managing credit exposures via price/trading/single client/ equity/position limits and the provision of a bridging facility;

d. Monitoring the financial health of the Clearing Settlement Banks via the RWCR and credit ratings. The concentration risk is also monitored based on the TCP's total trade settlement with the relevant Clearing Settlement Banks; and

e. Maintenance of the CGF and the Clearing Fund for equities and derivatives trading respectively. Neither fund was called upon in FY2010.

Looking Ahead

The significant risks described here are not the only risks facing Bursa Malaysia. There may be additional risks and uncertainties of which we are currently unaware, or that we presently believe to be insignificant, which may adversely affect our business. Through the RMC, the Board continues to closely monitor the effectiveness of risk management practices across the enterprise to ensure they are sufficiently robust to react to the ever-changing business environment, as well as to avoid losses.

Audit Committee Report

The Board presents the AC Report to provide insight on the discharge of the AC's functions for the Group in FY2010.

Composition and Attendance

The AC has five members, all of whom are NEDs and independent directors, including the AC Chairman and a PID (who also satisfies the test of independence under the MMLR). This meets the requirements of the CG Code. The names of the AC members and their attendance record are given on page 81 of the Annual Report.

The AC Chairman, Dato' Sri Abdul Wahid bin Omar, is a Fellow of the ACCA (UK) and a member of the MIA. Accordingly, Bursa Malaysia complies with paragraph 15.09(1)(c)(i) of the MMLR.

The Board reviews annually the term of office of the AC members. The Board also assesses the performance of the AC and its members through annual board committee effectiveness evaluation and is satisfied that they are able to discharge effectively their functions, duties and responsibilities in accordance with the TOR of the AC, thereby supporting the Board in ensuring appropriate CG standards within the Group.

Terms of Reference

The AC's TOR was reviewed by the AC on 23 November 2010 and approved by the Board on 29 November 2010. It is available on Bursa Malaysia's website under About Us – CG section. The authority and responsibilities of the AC are provided on page 177 of the Annual Report for easy reference.

Meetings

The AC held five meetings in 2010, all of which were held without the presence of other directors and employees, except when their attendance was at the invitation of the AC. The Head/Acting 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 audit subjects were invited to brief the AC on specific issues arising from relevant audit reports.

The previous lead audit partner of the External Auditors responsible for the Group, Encik Abdul Rauf bin Rashid, presented the auditors' report on the annual audited financial statements for FY2009 on 2 February 2010. With the shareholders' approval at the 33rd AGM of Bursa Malaysia of the appointment of Ernst & Young as External Auditors for FY2010, and in accordance with the Auditor's Independence Policy of the Group which requires the lead audit partner to be subject to a five-year rotation with a five-year cooling-off period, the previous lead audit partner, Encik Rauf bin Rashid who had been the lead audit partner for the past five years, was replaced by Encik Chan Hooi Lam in 2010. The new (and current) lead audit partner of the External Auditors presented the auditors' review of the unaudited quarterly financial statements for FY2010. The AC also met with the External Auditors on two occasions in 2010 (on 2 February 2010 and 14 July 2010) and on one occasion in 2011 (26 January 2011), without the presence of the Executive Director, management or Internal Auditors. These meetings were to enquire on management's cooperation and proficiency in financial reporting function, particularly in relation to applicable FRS and to allow the External Auditors to raise with the AC any matter they considered required the AC's attention.

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 presented to the Board for notation. The AC Chairman presented the AC's recommendations, together with the 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 FY2010 encompassed the following:

1. Financial Reporting

In overseeing Bursa Malaysia's financial reporting, the AC reviewed the quarterly financial statements for the fourth quarter of FY2009 and the annual audited financial statements for FY2009 at its meeting on 2 February 2010. The quarterly financial statements for the first, second and third quarters of FY2010 were reviewed at the AC meetings on 19 April 2010, 14 July 2010 and 18 October 2010 respectively. On 26 January 2011, the AC reviewed the quarterly financial statements for the fourth quarter of FY2010 and the annual audited financial statements for FY2010. The AC's recommendations were presented to the respective subsequent Board meetings for approval.

2. External Audit

a. The AC deliberated the External Auditor's report at its meeting on 2 February 2010 with regard to the relevant disclosures in the annual audited financial statements for FY2009. The AC also considered suggestions for improvement in the accounting procedures and internal control measures.

b. The AC reviewed the External Auditor's Annual Plan 2010, including the non-recurring non-audit services and corresponding fees for FY2010 at its meeting on 2 February 2010 and was satisfied that the services provided by the External Auditor did not impair its audit independence. Among the non-recurring non-audit services provided by the External Auditor for FY2010 were technical advice on strategic projects, review of transfer pricing documentation, advice on FRS 139 and FRS 7, Islamic securities selling and buying, ad-hoc tax advisory fees and Goods and Services Tax implementation.

   The AC was also satisfied with the External Auditor's technical competency, based on its annual evaluation of their performance, and with the reasonableness of audit fees. With that, the AC further recommended for the Board's approval their appointment as External Auditors in respect of FY2010.

c. On 18 October 2010, the AC reviewed the External Auditors' Audit Planning Memorandum comprising their scope of work and proposed fees for the statutory audit and review of the Internal Control Statement for FY2010. The proposed fees were recommended by the AC to the Board for approval on 19 October 2010.

d. On 26 January 2011, the performance of the external audit function was reviewed and assessed based on agreed performance criteria as set out in the External Auditors' Audit Planning Memorandum for FY2010. Feedback on the conduct of the external audit was obtained from the management. The AC was satisfied with the performance of the External Auditors and with that, recommended reappointment of the External Auditors for FY2011.

3. Internal Audit

a. The GIA conducted the audit activities as planned in the 2010 Audit Plan which was approved by the AC on 23 November 2009. The Acting 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 a summary of audit reports issued, audit recommendations provided by Internal Auditors and management's response to those recommendations. Non-audit assignments were also presented covering the evaluation of system readiness on key system development projects such as hosting of Bursa Malaysia Derivatives products on the CME Globex® electronic trading platform, the post-implementation review of projects such as BTS and ETP, tender evaluation and the monitoring of employees' dealings in securities.

b. At the meeting on 2 February 2010, the AC deliberated on the results of the Head of Group IA's 2009 Balanced Scorecard and KPIs. The GIA's 2010 Balanced Scorecard and KPIs were considered and approved on 19 April 2010.

c. At the meeting on 19 April 2010, the AC reviewed the results of Group IA's Customer Satisfaction Survey for 2009 which included an analysis of IA's strengths and weaknesses and action plans to improve audit services to IA's customers. Overall, the results indicated that IA's customers were generally satisfied with the performance of the IA function.

d. On 19 April 2010, the Acting Head of Group IA presented the post-mortem report for the Annual IA Plan of 2009 which provided an overall indication of the adequacy and effectiveness of controls implemented.

e. At the meeting on 23 November 2010, the AC considered the adequacy of scope and comprehensive coverage of the Group's activities, and approved the IA's Annual Audit Plan for 2011.

f. On 23 November 2010, the AC reviewed the annual Internal Control Statement and the Risk Management Statement to be published in the Annual Report.

Internal Audit Function

The Group IA reports directly to the AC, which determines the adequacy of the scope, function and resources of IA function. The Group IA comprises 12 auditors: the CIA, three Departmental Heads and eight Internal Auditors to ensure the proper performance of the IA function. The CIA was appointed on 1 January 2011. Prior to the appointment of the CIA, the role was assumed by the Acting Head of Group IA when the previous Head of Group IA retired in February 2010.

The purpose of the IA function is to provide the Board, through the AC, with reasonable assurance of the effectiveness of the system of internal control in the Group. The work of the IA function is carried out through a programme of regular reviews and assessments based on the Annual IA Plan. For 2010, a risk-based approach was adopted. The selection of audit assignments took into consideration the risk profiles of each division which were also mapped to the Corporate Risk Profile 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 post-implementation of the projects;
c. Monitoring employees' compliance with the Securities Transaction Policy; and
d. Undertaking investigations into any suspicion of fraud or reported operational failures within the Group.

The results of the audits provided in the IA reports were reviewed by the AC. The relevant management of the audit subject was made responsible for ensuring that corrective actions on reported weaknesses were taken within the required time frame. The Group IA conducted follow-up audits to ensure that management's corrective action was implemented appropriately and to provide an update on the status of such action in their subsequent IA reports. In this respect, the IA has added value by improving the control processes within the organisation.

All IA activities for FY2010 were conducted by the in-house audit team. There were no areas of the IA function which were outsourced. The total costs incurred by Group IA for the IA function of the Group in 2010 amounted to RM2,064,245.

Corporate Information
Group Corporate Structure

BURSA MALAYSIA BERHAD
(30632-P)

100%
Bursa Malaysia Securities Berhad (635998-W)

Date of Incorporation
4 December 2003

Principal Activities
Provide, operate and maintain a securities exchange

75%
Bursa Malaysia Derivatives Berhad (261937-H)

Date of Incorporation
17 April 1993

Principal Activities
Provide, operate and maintain a futures and options exchange

100%
Bursa Malaysia Derivatives Clearing Berhad (358677-D)

Date of Incorporation
9 September 1995

Principal Activities
Provide, operate and maintain a clearing house for the futures and options exchange

100%
Labuan International Financial Exchange Inc. (LL 02032)

Date of Incorporation
30 July 1999

Principal Activities
Provide, operate and maintain an offshore financial exchange

100%
Bursa Malaysia Securities Clearing Sdn. Bhd. (109716-D)

Date of Incorporation
12 November 1983

Principal Activities
Provide, operate and maintain a clearing house for the securities exchange

100%
Bursa Malaysia Depository Sdn. Bhd. (165570-W)

Date of Incorporation
26 October 1987

Principal Activities
Provide, operate and maintain a central depository for securities listed on the securities exchange

100%
Bursa Malaysia Depository Nominees Sdn. Bhd. (240297-W)

Date of Incorporation
15 May 1992

Principal Activities
Act as a nominee for Bursa Malaysia Depository and receives securities on deposit or for safe-custody or management

100%
Bursa Malaysia Information Sdn. Bhd. (152961-H)

Date of Incorporation
2 May 1986

Principal Activities
Provide and disseminate prices and other information relating to securities quoted on exchanges within the Group

100%
Bursa Malaysia Bonds Sdn. Bhd. (319465-T)

Date of Incorporation
11 October 1994

Principal Activities
Provide, operate and maintain an electronic trading platform for the bond market

100%
Bursa Malaysia Islamic Services Sdn. Bhd. (853675-M)

Date of Incorporation
15 April 2009

Principal Activities
Provide, operate and maintain a Shari'ah compliant commodity trading platform

Corporate Information
Organisation Structure

DATO' YUSLI BIN MOHAMED YUSOFF
Chief Executive Officer
CEO's Office

- Corporate Risk Management
- Corporate Secretarial and Compliance
- Group Communications
- Islamic Markets
- Strategy Management Office

Uday Jayaram
Global Head, Securities Markets
Securities Markets

- Issuer Development
- Investor Development
- Market Development
- Information Services

Chua Kong Khai
Acting Chief Market Operations Officer*
Market Operations

- Exchanges Operations
- Clearing and Settlement Operations
- Depository
- Risk Management
- e-Markets

Nadzirah binti Abdul Rashid
Chief Financial Officer
Corporate Services

- Finance
- Treasury
- Corporate Legal
- Administration
- Corporate Sustainability
- Community Investment

Selvarany Rasiah
Chief Regulatory Officer
Regulation

- Regulatory Strategy
- Regulatory Policy and Advisory
- Listing
- Corporate Surveillance and Governance
- Participants Supervision
- Market Surveillance
- Investigation
- Enforcement

Lim Jit Jee
Chief Information Officer
Technology & Systems

- Enterprise Architecture and Applications Development Services
- Technical and Operation Services
- IT Services Management
- IT Strategy Planning and Architecture
- IT Security and Process Management

Siti Aishah Md Lassim
Chief Human Resource Officer
Group Human Resources

- Employee and Industrial Relations
- Performance Management and Rewards
- Learning and Development
- Analytics and Employee Services
- Talent Management

Chong Kim Seng
Chief Executive Officer
Bursa Malaysia Derivatives Berhad

- Business Development and Marketing
- Operations and Risk Management
- Product Development
- Management Accounting

Dr. Badrul Hisham bin Mohd Yusoff
Chief Internal Auditor**
Group Internal Audit

- Operations Audit
- Support Services Audit
- IS/IT Audit
- Project and Tender Review

** Prior to the appointment of Chua Kong Khai as Acting Chief Market Operations Officer, Devanesan Evanson held the position of Chief Market Operations Officer and retired in December 2010*
*** The Chief Internal Auditor reports directly to the Audit Committee*

Governance Model

BOARD OF DIRECTORS

Governance Committees
Audit Committee
Nomination and Remuneration Committee
Risk Management Committee

Regulatory Committees
Listing Committee ○
Market Participants Committee □
Compensation Committee △
Appeals Committee □

100% Subsidiaries
Bursa Malaysia Securities ○△□
Bursa Malaysia Securities Clearing □
Bursa Malaysia Depository △□
Bursa Malaysia Depository Nominees
Bursa Malaysia Information
Bursa Malaysia Bonds □
Bursa Malaysia Islamic Services
Labuan International Financial Exchange ◇

LFX Exchange Committee
Listing Committee ◇
Disciplinary Committee ◇
Licensing Committee ◇

Limited by Guarantee
Yayasan Bursa Malaysia

Chief Executive Officer

75% Subsidiary (25% CME)
Bursa Malaysia Derivatives △□

Bursa Malaysia-CME Joint Working Group

100% Subsidiary
Bursa Malaysia Derivatives Clearing □

○△□◇ symbolise the corresponding committees to the relevant companies

Corporate Information
Board of Directors and Board Committees

Attendance of Board Committees		Governance Committees			
Classification	**Name**	**AC**	**RMC**	**NRC**	**note** OC**
Non-Executive and Public Interest Directors	Tun Mohamed Dzaiddin bin Haji Abdullah			8/9	1/1
	Dato' Tajuddin bin Atan	5/5	4/4		
	Datuk Dr. Md Tap bin Salleh[1]				
	Datuk Dr. Syed Muhamad bin Syed Abdul Kadir[2]				
	Dato' Abdul Latif bin Abdullah[3]				
	Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego[4]				
Independent Non-Executive Directors	Datin Paduka Siti Sa'diah binti Sheikh Bakir		2/4		
	Dato' Dr. Thillainathan a/l Ramasamy	5/5		9/9	1/1
	Dato' Sri Abdul Wahid bin Omar	5/5		7/9	1/1
	Izham bin Yusoff	5/5	4/4		
	Dato' Wong Puan Wah @ Wong Sulong		4/4		
	Cheah Tek Kuang	4/5		9/9	1/1
	Dato' Saiful Bahri bin Zainuddin			8/9	1/1
	Ong Leong Huat @ Wong Joo Hwa		2/4		
Non-Independent Executive Director	Dato' Yusli bin Mohamed Yusoff				
Independent individuals with significant and relevant industry experiences	Dato' Thomas Lee Mun Lung				
	Izlan bin Izhab				
	Dato' Mohammed Adnan bin Dato' Shuaib				
	Sreesanthan a/l Eliathamby				
	Datuk Oh Chong Peng				
	Dr. Aiman Nariman binti Mohd Sulaiman				
	Gan Kim Khoon				
	Dato' Sri Abdul Hamidy bin Abdul Hafiz				
	Peter Lee Siew Choong				
	Wong Chong Wah				
	Nik Hasyudeen bin Yusoff				
	Datuk Haji Khuthubul Zaman bin Bukhari				
	Selvarajah a/l Sivalingam				
	Salwah binti Abdul Shukor				
	Steven Lai Choon Lim				
	Kuok Wee Kiat				
	Khoo Guan Huat				
	John Mathew a/l Mathai				
	Total number of meetings for 2010	**5**	**4**	**9**	**1**

Chairman
Member
Non-member

note ** dissolved on 11 March 2010

1 appointed on 1 April 2010
2 appointed on 5 August 2010
3 ceased w.e.f. 1 April 2010
4 ceased w.e.f. 9 June 2010

Corporate Information

Board of Directors and Board Committees

Attendance of Board Committees		Regulatory Committees			
Classification	**Name**	**LC**	**MPC**	**CC**	**APC**
Non-Executive and Public Interest Directors	Tun Mohamed Dzaiddin bin Haji Abdullah				6/7
	Dato' Tajuddin bin Atan				5/7
	Datuk Dr. Md Tap bin Salleh[1]		note 7/7	note+ 1/1	
	Datuk Dr. Syed Muhamad bin Syed Abdul Kadir[2]		note* 5/5		
	Dato' Abdul Latif bin Abdullah[3]		note# 3/3	note# –	
	Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego[4]		note^ 4/5	note~ –	
Independent Non-Executive Directors	Datin Paduka Siti Sa'diah binti Sheikh Bakir	8/14		note+ 1/1	
	Dato' Dr. Thillainathan a/l Ramasamy	12/14			
	Dato' Sri Abdul Wahid bin Omar				
	Izham bin Yusoff				6/7
	Dato' Wong Puan Wah @ Wong Sulong	13/14		note~ –	
	Cheah Tek Kuang				7/7
	Dato' Saiful Bahri bin Zainuddin		8/11	note~ –	
	Ong Leong Huat @ Wong Joo Hwa			1/1	
Non-Independent Executive Director	Dato' Yusli bin Mohamed Yusoff				
Independent individuals with significant and relevant industry experiences	Dato' Thomas Lee Mun Lung				6/7
	Izlan bin Izhab				6/7
	Dato' Mohammed Adnan bin Dato' Shuaib	note~ 4/5			note+ 3/3
	Sreesanthan a/l Eliathamby	8/14			
	Datuk Oh Chong Peng	7/14			
	Dr. Aiman Nariman binti Mohd Sulaiman	12/14			
	Gan Kim Khoon	9/14			
	Dato' Sri Abdul Hamidy bin Abdul Hafiz	note+ 7/9			
	Peter Lee Siew Choong	note+ 3/9			
	Wong Chong Wah	note~ 5/5	note+ 6/7		
	Nik Hasyudeen bin Yusoff	note~ 3/5			
	Datuk Haji Khuthubul Zaman bin Bukhari		8/11		
	Selvarajah a/l Sivalingam		10/11		
	Salwah binti Abdul Shukor		note~ 4/4	note+ 1/1	
	Steven Lai Choon Lim		10/11		
	Kuok Wee Kiat		8/11		
	Khoo Guan Huat	note+ 6/9		note~ –	
	John Mathew a/l Mathai			1/1	
	Total number of meetings for 2010	**14**	**11**	**1**	**7**

Chairman	note	Chairman from 9 June 2010 after being member from 12 May 2010	note ~	up to 11 May 2010
Member	note *	from 5 August 2010	note +	from 12 May 2010
Non-member	note #	up to 31 March 2010		
	note ^	up to 8 June 2010		

1 appointed on 1 April 2010
2 appointed on 5 August 2010
3 ceased w.e.f. 1 April 2010
4 ceased w.e.f. 9 June 2010

Corporate Information
Other Corporate Information

Senior Independent Non-Executive Director

Dato' Dr. Thillainathan a/l Ramasamy
Tel : 019-355 3100
E-mail : rthillainathan@bursamalaysia.com

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 Service

Bursa Malaysia Berhad
10th Floor, Exchange Square
Bukit Kewangan, 50200 Kuala Lumpur
Tel : 03-2026 5099
Fax : 03-2026 4122
E-mail : customerservice@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

Tricor Investor Services 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 : is.enquiry@my.tricorglobal.com
Web : www.tricorglobal.com

Auditors

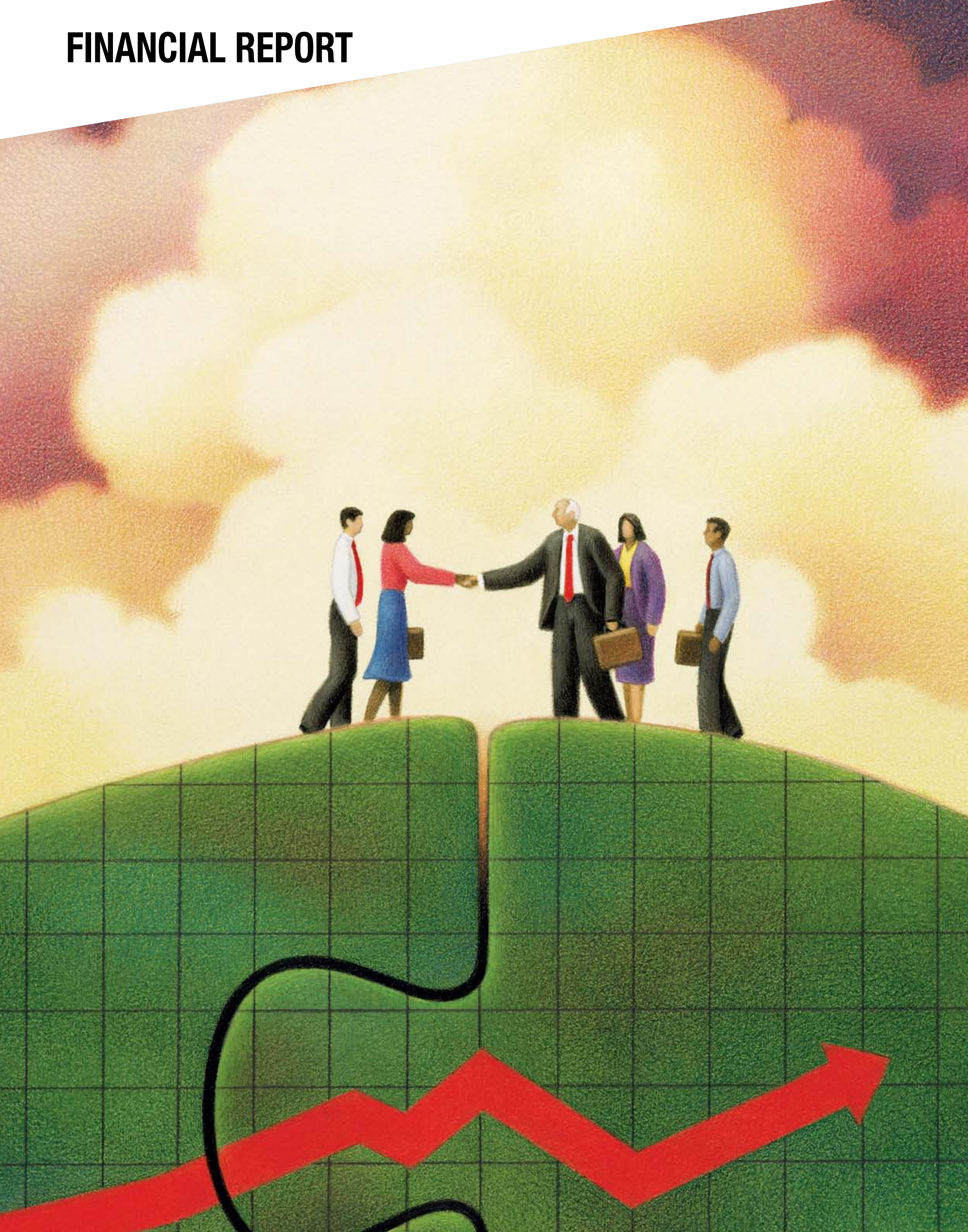
Ernst & Young (AF 0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

Principal Bankers

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

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

FINANCIAL REPORT



Financial Report

Financial Calendar

2011

Jan

Announcement of the audited consolidated results for the 4th quarter and financial year ended 31 December 2010.

Apr

- 34th Annual General Meeting.
- Announcement of the consolidated results for the 1st quarter ending 31 March 2011.

Jul

Announcement of the consolidated results for the 2nd quarter ending 30 June 2011.

Oct

Announcement of the consolidated results for the 3rd quarter ending 30 September 2011.

2012

Jan

Announcement of the audited consolidated results for the 4th quarter and financial year ending 31 December 2011.

Directors' Responsibility Statement

for the 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 Financial Reporting Standards in Malaysia, and the provisions of the CA and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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 judgements 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

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 2010.

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 Malaysian securities, derivatives and offshore exchanges and the Syariah compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year	115,641	104,056
Profit attributable to:		
Owners of the Company	113,041	104,056
Minority interest	2,600	–
	115,641	104,056

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 other than the changes in accounting policies as disclosed in Note 2.2 of the financial statements.

Dividends

The amount of dividends paid by the Company since 31 December 2009 were as follows:

	RM'000
In respect of the financial year ended 31 December 2009, as reported in the Directors' report of that year:	
Final dividend under the single tier system of 9 sen per share, on 531,399,000 ordinary shares, declared on 29 March 2010 and paid on 15 April 2010	47,826
In respect of the financial year ended 31 December 2010:	
Interim dividend under the single tier system of 9.5 sen per share, on 531,399,000 ordinary shares, declared on 16 July 2010 and paid on 13 August 2010	50,483
Total dividends paid since 31 December 2009	98,309

At the forthcoming Annual General Meeting, a final dividend under the single tier system in respect of the financial year ended 31 December 2010 of 10.5 sen per share on 531,399,000 ordinary shares, amounting to a dividend payable of approximately RM55,797,000 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 2011.

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' Tajuddin bin Atan

Datuk Dr. Md Tap bin Salleh *(appointed on 1 April 2010)*

Datuk Dr. Syed Muhamad bin Syed Abdul Kadir *(appointed on 5 August 2010)*

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' Saiful Bahri bin Zainuddin

Ong Leong Huat @ Wong Joo Hwa

Dato' Yusli bin Mohamed Yusoff

Dato' Abdul Latif bin Abdullah *(ceased to be Director on 1 April 2010)*

Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego (*ceased to be Director on 9 June 2010)*

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 the 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				
	1.1.2010 '000	Purchased '000	Options exercised '000	Sold '000	31.12.2010 '000
Direct interests					
Tun Mohamed Dzaiddin bin Haji Abdullah	100	–	–	–	**100**
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	1,000	–	–	(300)	**700**

	Number of ordinary shares of RM0.50 each				
	Spouse 1.1.2010 '000	Child 1.1.2010 '000	Purchased '000	Sold '000	31.12.2010 '000
Indirect interests					
Tun Mohamed Dzaiddin bin Haji Abdullah	–	6	–	–	**6**
Dato' Dr. Thillainathan a/l Ramasamy	50	–	–	–	**50**
Cheah Tek Kuang	–	14	–	–	**14**
Ong Leong Huat @ Wong Joo Hwa	–	–	3	–	**3**
Dato' Yusli bin Mohamed Yusoff	105	–	–	–	**105**

	Number of options over ordinary shares of RM0.50 each				
	1.1.2010 '000	Granted '000	Exercised '000	Forfeited '000	31.12.2010 '000
Dato' Yusli bin Mohamed Yusoff	3,861	–	–	(3,861)	**–**

The ESOS expired on 8 March 2010.

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 RM264,328,000 to RM265,700,000 by way of the issuance of 2,743,000 ordinary shares of RM0.50 each for cash, pursuant to the Company's ESOS at a weighted average exercise price of RM2.57 per ordinary share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

ESOS

The Bursa Malaysia Berhad ESOS was 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 was in force until its expiry on 8 March 2010.

No option was granted during the financial year.

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

Other Statutory Information

(a) Before the statements of comprehensive income and statements of financial position 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 there were no known bad debts 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) it necessary to write off any bad debts 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) 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 twelve 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 27 January 2011.

Tun Mohamed Dzaiddin 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 94 to 165 are drawn up in accordance with FRSs and the provisions of 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 2010 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 January 2011.

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 94 to 165 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 27 January 2011.

Nadzirah binti Abdul Rashid

Before me,

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 statements of financial position as at 31 December 2010 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows 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 94 to 165.

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 judgement, 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 2010 and of their financial performances 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 financial statements 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 financial statements 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 Reporting Responsibilities

The supplementary information set out in Note 26 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

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

Chan Hooi Lam
No. 2844/02/12(J)
Chartered Accountant

Kuala Lumpur, Malaysia
27 January 2011

Income Statements

for the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Operating revenue	3	**331,251**	297,818	**287,521**	281,313
Other income	4	**29,798**	28,624	**18,216**	15,399
Gain on disposal of subsidiaries		**–**	75,975	**–**	110,555
		361,049	402,417	**305,737**	407,267
Staff costs	5	**(92,406)**	(83,251)	**(85,817)**	(82,600)
Depreciation and amortisation	6	**(43,233)**	(38,911)	**(41,918)**	(38,663)
Other operating expenses	7	**(61,042)**	(60,449)	**(51,625)**	(59,851)
		164,368	219,806	**126,377**	226,153
Finance costs	9	**(614)**	(625)	**(114)**	(125)
Profit before tax		**163,754**	219,181	**126,263**	226,028
Income tax expense	10	**(48,113)**	(41,443)	**(22,207)**	(18,797)
Profit for the year		**115,641**	177,738	**104,056**	207,231
Profit attributable to:					
Owners of the Company		**113,041**	177,588	**104,056**	207,231
Minority interest		**2,600**	150	**–**	–
		115,641	177,738	**104,056**	207,231
Earnings per share attributable to owners of the Company (sen per share):					
Basic	11(a)	**21.3**	33.7		
Diluted	11(b)	**21.3**	33.6		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the financial year ended 31 December 2010

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Profit for the year	**115,641**	177,738	**104,056**	207,231
Other comprehensive income:				
Net fair value changes in AFS financial assets	**(13,377)**	–	**(13,270)**	–
Foreign currency translation	**(586)**	(79)	**–**	–
Income tax relating to AFS financial assets	**294**	–	**324**	–
Other comprehensive income for the year, net of tax	**(13,669)**	(79)	**(12,946)**	–
Total comprehensive income for the year	**101,972**	177,659	**91,110**	207,231
Total comprehensive income attributable to:				
Owners of the Company	**99,279**	177,509	**91,110**	207,231
Minority interest	**2,693**	150	**–**	–
	101,972	177,659	**91,110**	207,231

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Financial Position

as at 31 December 2010

	Note	As at 31 December 2010 RM'000	As at 1 January 2010 (restated) (Note 2.2) RM'000	As at 31 December 2009 RM'000
Assets				
Non-current assets				
Property, plant and equipment	13	**231,104**	243,163	243,163
Computer software	14(a)	**73,056**	83,609	83,609
Goodwill	14(b)	**42,957**	42,957	42,957
Investment securities	16	**110,404**	140,958	137,347
Staff loans receivable	17	**13,805**	17,046	17,046
Deferred tax assets	18	**1,023**	3,931	4,139
		472,349	531,664	528,261
Current assets				
Trade receivables	19	**33,526**	21,272	21,028
Other receivables	20	**10,197**	13,074	13,763
Tax recoverable		**4,586**	9,255	9,255
Investment securities	16	**27,335**	64,434	62,884
Cash collected from CPs and TCPs	22	**710,119**	814,534	814,534
Cash and bank balances	23	**450,142**	336,916	336,916
		1,235,905	1,259,485	1,258,380
Total assets		**1,708,254**	1,791,149	1,786,641

	Note	As at 31 December 2010 RM'000	As at 1 January 2010 (restated) (Note 2.2) RM'000	As at 31 December 2009 RM'000
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	24	**265,700**	264,328	264,328
Share premium		**86,101**	78,813	78,813
Other reserves	25	**38,853**	56,895	52,722
Retained earnings	26	**461,650**	444,052	444,152
		852,304	844,088	840,015
Minority interests		**11,266**	8,573	8,597
Total equity		**863,570**	852,661	848,612
Non-current liabilities				
Retirement benefit obligations	27(a)	**22,825**	23,893	23,893
Deferred capital grants	28	**10,986**	12,211	12,211
Deferred tax liabilities	18	**18,349**	16,667	16,208
		52,160	52,771	52,312
Current liabilities				
Trade payables	22	**676,576**	782,093	782,093
CPs' and TCPs' contributions to clearing funds	22	**33,543**	32,441	32,441
Other payables	29	**68,916**	64,114	64,114
Tax payable		**13,489**	7,069	7,069
		792,524	885,717	885,717
Total liabilities		**844,684**	938,488	938,029
Total equity and liabilities		**1,708,254**	1,791,149	1,786,641

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Financial Position

as at 31 December 2010

	Note	As at 31 December 2010 RM'000	As at 1 January 2010 (restated) (Note 2.2) RM'000	As at 31 December 2009 RM'000
Assets				
Non-current assets				
Property, plant and equipment	13	**228,518**	242,564	242,564
Computer software	14(a)	**64,658**	82,510	82,510
Goodwill	14(b)	**29,494**	29,494	29,494
Investment in subsidiaries	15	**154,710**	150,510	150,510
Investment securities	16	**75,997**	88,057	84,488
Staff loans receivable	17	**12,700**	15,796	15,796
		566,077	608,931	605,362
Current assets				
Trade receivables	19	**1,363**	1,409	1,502
Other receivables	20	**5,357**	9,370	9,839
Due from subsidiaries	21	**27,773**	18,621	18,621
Tax recoverable		**3,405**	9,224	9,224
Investment securities	16	**27,335**	59,465	57,915
Cash and bank balances	23	**250,416**	179,210	179,210
		315,649	277,299	276,311
Total assets		**881,726**	886,230	881,673

	Note	As at 31 December 2010 RM'000	As at 1 January 2010 (restated) (Note 2.2) RM'000	As at 31 December 2009 RM'000
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	24	**265,700**	264,328	264,328
Share premium		**86,101**	78,813	78,813
Other reserves	25	**(8,025)**	9,401	4,480
Retained earnings	26	**440,398**	431,785	432,524
Total equity		**784,174**	784,327	780,145
Non-current liabilities				
Retirement benefit obligations	27(a)	**22,825**	23,893	23,893
Deferred capital grants	28	**9,047**	9,650	9,650
Deferred tax liabilities	18	**17,890**	16,276	15,901
		49,762	49,819	49,444
Current liability				
Other payables	29	**47,790**	52,084	52,084
Total liabilities		**97,552**	101,903	101,528
Total equity and liabilities		**881,726**	886,230	881,673

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2010

		Attributable to owners of the Company									Minority interests	Total equity
		Non-distributable							Distributable			
	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Foreign currency translation reserve RM'000	Share option reserve RM'000	Clearing fund reserves RM'000	Retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2009		262,943	70,736	13,700	5,250	(629)	6,369	30,000	343,886	732,255	*	732,255
Total comprehensive income for the year		–	–	–	–	(79)	–	–	177,588	177,509	150	177,659
Transactions with owners:												
Issuance of ordinary shares pursuant to ESOS	27	1,385	8,077	–	–	–	(1,685)	–	–	7,777	–	7,777
Share options granted under ESOS, net of options lapsed during the year	5	–	–	–	–	–	(204)	–	–	(204)	–	(204)
Part disposal of a subsidiary		–	–	–	–	–	–	–	–	–	8,447	8,447
Dividends paid	12	–	–	–	–	–	–	–	(77,322)	(77,322)	–	(77,322)
Total transactions with owners		1,385	8,077	–	–	–	(1,889)	–	(77,322)	(69,749)	8,447	(61,302)
At 31 December 2009		**264,328**	**78,813**	**13,700**	**5,250**	**(708)**	**4,480**	**30,000**	**444,152**	**840,015**	**8,597**	**848,612**

	Note	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Capital redemption reserve RM'000	Foreign currency translation reserve RM'000	Share option reserve RM'000	Clearing fund reserves RM'000	AFS reserve (Note 25(f)) RM'000	Retained earnings RM'000	Total RM'000	Minority interests RM'000	Total equity RM'000
		Attributable to owners of the Company											
		Non-distributable								Distributable			
At 1 January 2010		**264,328**	**78,813**	**13,700**	**5,250**	**(708)**	**4,480**	**30,000**	**–**	**444,152**	**840,015**	**8,597**	**848,612**
Effects of adopting FRS 139	2.2(d)	–	–	–	–	–	–	–	4,173	(100)	4,073	(24)	4,049
At 1 January 2010, as restated		**264,328**	**78,813**	**13,700**	**5,250**	**(708)**	**4,480**	**30,000**	**4,173**	**444,052**	**844,088**	**8,573**	**852,661**
Total comprehensive income for the year		–	–	–	–	(586)	–	–	(13,176)	113,041	99,279	2,693	101,972
Transactions with owners:													
Issuance of ordinary shares pursuant to ESOS	27	1,372	7,288	–	–	–	(1,614)	–	–	–	7,046	–	7,046
Issuance of preference shares by a subsidiary		–	–	200	–	–	–	–	–	–	200	**	200
ESOS expired during the year	5	–	–	–	–	–	(2,866)	–	–	2,866	–	–	–
Dividends paid	12	–	–	–	–	–	–	–	–	(98,309)	(98,309)	–	(98,309)
Total transactions with owners		1,372	7,288	200	–	–	(4,480)	–	–	(95,443)	(91,063)	–	(91,063)
At 31 December 2010		**265,700**	**86,101**	**13,900**	**5,250**	**(1,294)**	**–**	**30,000**	**(9,003)**	**461,650**	**852,304**	**11,266**	**863,570**
												Note a	

Note a

Included in minority interests of the Group at 31 December 2010 are issuance of non-cumulative preference shares of RM1 each in Bursa Malaysia Derivatives, a 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 RM83

** Denotes RM1

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

for the financial year ended 31 December 2010

	Note	Share capital RM'000	Share premium RM'000	AFS reserve (Note 25(f)) RM'000	Share option reserve RM'000	Retained earnings RM'000	Total equity RM'000
		Non-distributable				Distributable	
At 1 January 2009		262,943	70,736	–	6,369	302,615	642,663
Total comprehensive income for the year		–	–	–	–	207,231	207,231
Transactions with owners:							
Issuance of ordinary shares pursuant to ESOS	27	1,385	8,077	–	(1,685)	–	7,777
Share options granted under ESOS, net of options lapsed during the year	5	–	–	–	(204)	–	(204)
Dividends paid	12	–	–	–	–	(77,322)	(77,322)
Total transactions with owners		1,385	8,077	–	(1,889)	(77,322)	(69,749)
At 31 December 2009		264,328	78,813	–	4,480	432,524	780,145
At 1 January 2010		**264,328**	**78,813**	**–**	**4,480**	**432,524**	**780,145**
Effects of adopting FRS 139	2.2(d)	**–**	**–**	**4,921**	**–**	**(739)**	**4,182**
At 1 January 2010, as restated		**264,328**	**78,813**	**4,921**	**4,480**	**431,785**	**784,327**
Total comprehensive income for the year		**–**	**–**	**(12,946)**	**–**	**104,056**	**91,110**
Transactions with owners:							
Issuance of ordinary shares pursuant to ESOS	27	**1,372**	**7,288**	**–**	**(1,614)**	**–**	**7,046**
ESOS expired during the year	5	**–**	**–**	**–**	**(2,866)**	**2,866**	**–**
Dividends paid	12	**–**	**–**	**–**	**–**	**(98,309)**	**(98,309)**
Total transactions with owners		**1,372**	**7,288**	**–**	**(4,480)**	**(95,443)**	**(91,263)**
At 31 December 2010		**265,700**	**86,101**	**(8,025)**	**–**	**440,398**	**784,174**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flow

for the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from operating activities					
Profit before tax		**163,754**	219,181	**126,263**	226,028
Adjustments for:					
Accretion of discount less amortisation of premium		**(1,305)**	200	**(1,447)**	–
Computer software written off		**1,247**	–	**1,245**	–
Depreciation and amortisation		**43,233**	38,911	**41,918**	38,663
Grant utilised		**(2,297)**	(1,658)	**(1,675)**	(1,449)
Gross dividend income		**–**	–	**(117,651)**	(110,088)
Retirement benefit obligations		**1,577**	1,511	**1,577**	1,511
Interest income		**(15,926)**	(14,292)	**(7,366)**	(6,545)
Impairment loss on computer software		**–**	2,006	**–**	2,006
Net reversal of impairment on investment securities		**–**	(1,317)	**–**	(648)
Net gain on disposal of investment securities		**(649)**	(448)	**(622)**	(134)
Gain on part disposal of a subsidiary		**–**	(75,975)	**–**	(110,555)
Net gain on disposal of property, plant and equipment		**–**	(362)	**–**	(715)
Net impairment loss on trade and other receivables		**88**	189	**(124)**	44
(Reversal of)/provision for short term accumulating unutilised leave		**(45)**	47	**(256)**	32
Share options granted under ESOS, net of options lapsed during the year		**–**	(204)	**–**	(204)
Operating profit before working capital changes		**189,677**	167,789	**41,862**	37,946
(Increase)/decrease in receivables		**(10,259)**	(5,361)	**1,761**	(112)
Increase/(decrease) in other payables		**6,755**	(7,545)	**(1,459)**	(11,383)
Changes in subsidiaries balances		**–**	–	**(9,180)**	2,717
Cash generated from operations		**186,173**	154,883	**32,984**	29,168
Staff loans repaid, net of disbursements		**4,445**	4,955	**3,906**	4,399
Retirement benefits paid		**(2,645)**	(558)	**(2,645)**	(558)
Taxes paid, net of refund		**(34,051)**	(27,485)	**1,993**	(3,220)
Net cash generated from operating activities		**153,922**	131,795	**36,238**	29,789
Cash flows from investing activities					
Interest received		**14,534**	13,976	**6,457**	6,930
Disposal of subsidiaries		**–**	1,912	**–**	39,005
Proceeds from disposal of investment securities, net of purchases		**55,894**	6,378	**33,309**	15,720
Purchases of property, plant and equipment and computer software, net of proceeds from disposals		**(23,745)**	(30,104)	**(13,843)**	(28,646)
Net cash generated from/(used in) investing activities		**46,683**	(7,838)	**25,923**	33,009

Statements of Cash Flow

for the financial year ended 31 December 2010

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash flows from financing activities					
Dividends paid	12	**(98,309)**	(77,322)	**(98,309)**	(77,322)
Dividends received		**974**	–	**101,184**	98,200
Grant received		**3,324**	–	**3,324**	–
Preference shares issued by a subsidiary		**200**	–	**–**	–
Proceeds from exercise of options under ESOS		**7,046**	7,777	**7,046**	7,777
Increase in investment in subsidiaries		**–**	–	**(4,200)**	–
Repayment of advances to subsidiaries		**–**	–	**–**	(2,637)
Repayment of borrowings		**–**	(219)	**–**	–
Net cash (used in)/generated from financing activities		**(86,765)**	(69,764)	**9,045**	26,018
Net increase in cash and cash equivalents		**113,840**	54,193	**71,206**	88,816
Effects of foreign exchange rate changes		**(614)**	(82)	**–**	–
Cash and cash equivalents at beginning of year		**336,916**	282,805	**179,210**	90,394
Cash and cash equivalents at end of year	23	**450,142**	336,916	**250,416**	179,210

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 December 2010

1. Corporate Information

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities. 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 Malaysian securities, derivatives and offshore exchanges and the Syariah compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. The principal activities of the subsidiaries are disclosed in Note 15.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 27 January 2011.

2. Significant Accounting Policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with FRSs and the CA in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2010 as described fully in Note 2.2.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2010, the Group and the Company adopted the following new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2010.

FRS 7	Financial Instruments: Disclosures
FRS 8	Operating Segments
FRS 101	Presentation of Financial Statements (Revised 2009)
FRS 123	Borrowing Costs
FRS 139	Financial Instruments: Recognition and Measurement
Amendments to FRS 1	First-time Adoption of Financial Reporting Standards and FRS 127 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2	Share-based Payment – Vesting Conditions and Cancellations
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 139	Financial Instruments: Recognition and Measurement, FRS 7 Financial Instruments: Disclosures and IC Interpretation 9 Reassessment of Embedded Derivatives
IC Interpretation 9	Reassessment of Embedded Derivatives
IC Interpretation 10	Interim Financial Reporting and Impairment
IC Interpretation 11	FRS 2 – Group and Treasury Share Transactions
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 14	FRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

FRS 4 *Insurance Contracts* and TR *i*-3 *Presentation of Financial Statements of Islamic Financial Institutions* will also be effective for annual periods beginning on or after 1 January 2010. These FRSs are, however, not applicable to the Group or the Company.

2. Significant Accounting Policies

2.2 Changes in accounting policies

Adoption of the above standards and interpretations and improvements to FRSs issued in 2009 did not have any effect on the financial performance, position or presentation of financials of the Group and of the Company except as follows:

(a) FRS 7 Financial Instruments: Disclosures

Prior to 1 January 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions of the standard. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group and the Company's financial statements for the year ended 31 December 2010.

(b) FRS 8 Operating Segments

FRS 8, which replaces FRS 114 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The Standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the reportable operating segments determined in accordance with FRS 8 are the same as the business segments previously identified under FRS 114. The Group has adopted FRS 8 retrospectively. These revised disclosures, including the related revised comparative information, are shown in Note 39 to the financial statements.

(c) FRS 101 Presentation of Financial Statements (Revised 2009)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company have elected to present this statement as two linked statements.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital (see Note 38).

The revised FRS 101 was adopted retrospectively by the Group and the Company.

2. Significant Accounting Policies

2.2 Changes in accounting policies

(d) FRS 139 Financial Instruments: Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 January 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 January 2010. Comparatives are not restated. The details of changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

(i) Investment securities

Prior to 1 January 2010, short term and other investments of the Group and of the Company were accounted for at the lower of cost and market value determined on an aggregate basis and at cost adjusted for amortisation of premium and accretion of discount less impairment, respectively. Upon the adoption of FRS 139, these investments are designated at 1 January 2010 as AFS financial assets or classified as HTM investments.

The fair values of investment securities classified as AFS financial assets as at 1 January 2010 of the Group and of the Company amounted to RM195,457,000 and RM142,556,000 respectively. The adjustments to the previous carrying amounts of investment securities are recognised as adjustments to the opening balance of AFS reserves as at 1 January 2010.

(ii) Impairment of trade receivables

Prior to 1 January 2010, provision for doubtful debts was recognised on trade debts which are six months or older, or when recovery is considered doubtful. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

As at 1 January 2010, the Group and the Company have remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

(iii) Impairment of loans receivable from former staff

Prior to 1 January 2010, provision for doubtful debts was recognised on the difference between the receivable's carrying amount and estimated security value of the property. Upon the adoption of FRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

As at 1 January 2010, the Group and the Company have remeasured the allowance for impairment losses as at that date in accordance with FRS 139 and the difference is recognised as adjustments to the opening balance of retained earnings as at that date.

2. Significant Accounting Policies

2.2 Changes in accounting policies

(d) FRS 139 Financial Instruments: Recognition and Measurement

The following are effects on the opening balances arising from the above changes in accounting policies:

	As at 31 December 2009 RM'000	Effects of FRS 139 RM'000	As at 1 January 2010 RM'000
Statements of financial position			
Group			
Non-current assets:			
Investment securities	137,347	3,611	140,958
Deferred tax assets	4,139	(208)	3,931
Current assets:			
Trade receivables	21,028	244	21,272
Other receivables	13,763	(689)	13,074
Investment securities	62,884	1,550	64,434
Liabilities:			
Deferred tax liabilities	16,208	459	16,667
Equity:			
Other reserves – AFS reserve	–	4,173	4,173
Retained earnings	444,152	(100)	444,052
Minority interests	8,597	(24)	8,573
Company			
Non-current assets:			
Investment securities	84,488	3,569	88,057
Current assets:			
Trade receivables	1,502	(93)	1,409
Other receivables	9,839	(469)	9,370
Investment securities	57,915	1,550	59,465
Liabilities:			
Deferred tax liabilities	15,901	375	16,276
Equity:			
Other reserves – AFS reserve	–	4,921	4,921
Retained earnings	432,524	(739)	431,785

The following are effects arising from the above changes in accounting policies on the financial statements for the current financial year:

	Group RM'000	Company RM'000
Decrease in equity	(13,005)	(12,759)
Increase in profit	79	187

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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 financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries are accounted for using the purchase method except for business combinations arising from common control transfers. Busines combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves.

The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation an recognised in other comprehensive income. The cost of a business combination 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 business combination.

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.3(c)(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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 that such control ceases.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(iii) Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to minority interests is recognised directly in equity.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

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 recognised in profit or loss as incurred.

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

Projects-in-progress are not depreciated as these assets are not yet available for use. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Building and office lots	2%
Renovations	20%
Office equipment and furniture and fittings	20% – 33.33%
Computers and office automation	10% – 33.33%
Motor vehicles	20%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(c) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's CGUs that are expected to benefit from the synergies of the combination.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed off, the goodwill associated with the operation disposed off is included in the carrying amount of the operation when determining the gain or loss on disposal of operation. Goodwill disposed off in this circumstance is measured based on the relative fair values of the operations disposed off and the portion of the CGU retained.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(c) Intangible assets

(ii) Computer software

Computer software is measured initially at cost. Following initial acquisition, computer software is measured at cost less any accumulated amortisation and accumulated impairment.

The useful life of computer software is assessed to be finite. Computer software is amortised over their estimated useful lives of five to ten years and assessed for impairment whenever there is an indication that it may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Projects-in-progress are not amortised as these computer software are not yet available for use.

Gains or losses arising from derecognition of computer software is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is derecognised.

(d) Impairment of non-financial assets

The Group assesses at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

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

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments 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 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.

Impairment lossses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset other than goodwill is reversed 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. If that is the case, the carrying amount of the asset is increased to its revised recoverable amount. That increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(e) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at FVTPL, loans and receivables, HTM investments and AFS financial assets.

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gain or loss arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other losses or other income.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date (i.e. designated as FVTPL upon initial recognition).

The Group and the Company do not have any financial assets at FVTPL at the financial year end.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the financial year end which are classified as non-current.

(iii) HTM investments

Financial assets with fixed or determinable payments and fixed maturity are classified as HTM investments when the Group and the Company have the positive intention and ability to hold the investments to maturity.

Subsequent to initial recognition, HTM investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the HTM investments are derecognised or impaired, and through the amortisation process.

HTM investments are classified as non-current assets, except for those having maturity within 12 months after the financial year end which are classified as current.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(e) Financial assets

(iv) AFS financial assets

AFS financial assets are financial assets that are designated as such or are not classified in any of the three preceding categories.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an AFS equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment is established.

AFS financial assets which are not expected to be realised within 12 months after the financial year end are classified as non-current assets.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date i.e. the date that the asset is delivered to or by the Group and the Company.

(f) Impairment of financial assets

The Group and the Company assess at each financial year end whether there is any objective evidence that a financial asset is impaired.

(i) Loans and receivables and HTM investments

To determine whether there is objective evidence that an impairment loss on financial assets have been incurred, the Group and the Company consider factors such as probability of insolvency or significant financial difficulties of the debtor, default or significant delay in payments, and delinquency in interest or principal payments and other financial reorganisation where observable data indicate that there is a measurable decrease in the estimated future cash flows.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, and staff loan receivables, where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable or staff loan receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(f) Impairment of financial assets

(ii) AFS financial assets

To determine whether there is objective evidence that investment securities classified as AFS financial assets are impaired, the Group and the Company consider factors such as significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation or accretion) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on AFS equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For AFS debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short term deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(h) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities at FVTPL at the financial year end.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(h) Financial liabilities

(ii) Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Trade payables comprise security deposits, margins and collaterals. Security deposits, margins and collaterals are derived from cash received from CPs of Bursa Malaysia Derivatives Clearing for their open positions in derivatives contracts. Collaterals are also lodged by TCPs of Bursa Malaysia Securities Clearing for borrowings under the SBL framework. Security deposits and collaterals are in the form of cash and non-cash instruments.

Contributions from TCPs and CPs to the clearing funds are in the form of cash and non-cash.

Trade payables and contributions from TCPs and CPs to the clearing funds in the form of cash are treated as current liabilities on the statements of financial position. Trade payables and contributions from TCPs and CPs to the clearing funds in the form of bank guarantees, shares and letters of credit, i.e. non-cash are not reflected as assets and liabilities in the statements of financial position.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If 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. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(j) Deferred capital grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

(k) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(l) 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. Revenue is measured at the fair value of consideration received or receivable.

(i) Trade fees

Trade fees on securities traded on the securities exchange are recognised on a trade date basis. Trade fees on derivatives contracts are recognised net of rebates on a trade date basis. Trade fees on commodities are recognised on a trade date basis net of amount payable to commodities suppliers and brokers, whenever applicable.

(ii) Clearing and ISS fees

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

(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) Other derivatives trading revenue

Other derivatives trading revenue mainly comprise of guarantee and tender fees. Guarantee fees are charged on a daily basis on day end margins requirements for open contracts. Tender fees are charged on per contract tendered.

(vii) Access fees

Access fees are recognised over the period that the access to the required services are provided.

(viii) Conference fee and exhibition related income

Conference fee and exhibition related income are recognised upon registration/confirmation of participation for the event.

(ix) Perusal and processing fees

Perusal fees for circulars or notices issued are recognised when the services are rendered. Processing fees for corporate related exercises on securities traded on the securities exchange are recognised upon completion of the related transactions.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(l) Revenue recognition

(x) 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 it is probable that economic benefits will flow to the Group.
- Interest income is recognised on an accrual basis that reflects the effective yield of the asset.
- Management fees are recognised when services are rendered.
- Rental income from the letting of office space, equipment and equipment hosting space are recognised on a straight-line basis over the term of the rental agreement.

(m) 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 as a liability when they accrue to the employees. The estimated liability for paid annual leave is recognised for services rendered by employees up to the financial year end. 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 period in which the related service is performed. 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 statements of financial position 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.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(m) Employee benefits

(iv) Share-based compensation

The Bursa Malaysia Berhad 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 financial year end, 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.

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.

The above ESOS expired on 8 March 2010.

(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 financial year end are discounted to present value.

(n) Leases

(i) The Group as lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(ii) The Group as lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.3(l)(x).

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(o) Borrowing costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(p) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and carry forward of 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 carry forward of unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Significant Accounting Policies

2.3 Summary of significant accounting policies

(q) Foreign currency

(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 approximating those ruling at the transaction dates. At each financial year end, monetary items denominated in foreign currencies are translated at the rates prevailing on the financial year end. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, or on translating monetary items at the financial year end are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the 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 statement of financial position presented are translated at the closing rate prevailing at the financial year end;

– Income and expenses for each statement of comprehensive income are translated at average monthly exchange rates, which approximates the exchange rates at the dates of the transactions; and

– All resulting exchange differences are recognised directly in other comprehensive income. On disposal of a subsidiary with foreign currency as its functional currency, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular subsidiary is recognised in profit or loss.

(r) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2. Significant Accounting Policies

2.4 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

FRSs, Amendments to FRSs and Interpretations		Effective for annual periods beginning on or after
FRS 1	First-time Adoption of Financial Reporting Standards	1 July 2010
FRS 3	Business Combinations (Revised)	1 July 2010
FRS 124	Related Party Disclosures	1 January 2012
FRS 127	Consolidated and Separate Financial Statements	1 July 2010
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters	1 January 2011
Amendments to FRS 1	Additional Exemptions for First-Time Adopters	1 January 2011
Amendments to FRS 2	Share-based Payment	1 July 2010
Amendments to FRS 2	Group Cash-Settled Share-based Payment Transactions	1 January 2011
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2010
Amendments to FRS 7	Improving Disclosures about Financial Instruments	1 January 2011
Amendments to FRS 132	Financial Instruments: Presentation	1 March 2010
Amendments to FRS 1, FRS 3, FRS 7, FRS 101, FRS 121, FRS 128, FRS 131, FRS 132, FRS 134, FRS 139 and Amendments to IC Interpretation 13	Improvements to FRSs (2010)	1 January 2011
Amendments to FRS 138	Intangible Assets	1 July 2010
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives	1 July 2010
Amendments to IC Interpretation 14	Prepayments of a Minimum Funding Requirement	1 July 2011
IC Interpretation 4	Determining Whether an Arrangement contains a Lease	1 January 2011
IC Interpretation 12	Service Concession Arrangements	1 July 2010
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation	1 July 2010
IC Interpretation 17	Distributions of Non-cash Assets to Owners	1 July 2010
IC Interpretation 18	Transfer of Assets from Customers	1 January 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011

Except for the changes in accounting policies arising from the adoption of the revised FRS 3, the Directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The revised FRS 3 introduces a number of changes in the accounting for business combinations occurring after 1 July 2010. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future acquisitions and transactions with minority interests.

2. Significant Accounting Policies

2.5 Significant accounting judgements and estimates

Key sources of estimation uncertainty

The preparation of financial statements in accordance with FRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end, 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 reviews its computer software at each financial year end to determine if 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. 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 financial year end 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 financial year end is disclosed in Note 14(b).

(c) Depreciation/amortisation of system hardware and software

The cost of system hardware and software is depreciated and amortised on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be between three to ten years. These are based on management's policy to review the hardware and software every five and ten years. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised. The total carrying amount of computer hardware and software as at the financial year end is disclosed in Notes 13 and 14(a).

(d) Deferred tax assets

Deferred tax assets are recognised for all unutilised 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. As at the financial year end, the total carrying value of the recognised and unrecognised tax losses and capital allowances of the Group is RM3,956,000 (2009: RM36,892,000) and RM11,747,000 (2009: RM1,361,000) respectively.

(e) Defined benefit plan

The cost of defined benefit plan and the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on plan assets expected rate of salary increases and mortality rates. All assumptions are reviewed at each financial year end.

In determining the appropriate discount rate, the valuation is based on market yield of high quality corporate bonds with AA rating and above of terms similar to the term of the liabilities.

3. Operating Revenue

	Group 2010 RM'000	2009 RM'000
Trading revenue		
Securities market:		
Clearing fees*	**140,059**	116,289
Trade fees	**18,028**	14,317
ISS fees	**9,233**	8,139
Buying-in commissions	**599**	315
	167,919	139,060
Derivatives market:		
Trade fees	**25,578**	25,439
Clearing fees	**8,536**	8,484
Other trading revenue	**3,530**	4,554
	37,644	38,477
Total trading revenue	**205,563**	177,537
Stable revenue		
Listing fees	**36,106**	32,009
Depository services	**33,138**	32,925
Information services	**16,993**	17,387
Broker services	**11,242**	10,907
Access fees	**7,286**	7,393
Participants' fees	**3,044**	3,000
Total stable revenue	**107,809**	103,621
Other operating income		
Perusal and processing fees	**8,600**	5,768
Interest earned from CPs' and TCPs' contributions	**4,172**	7,095
Conference fee and exhibition related income	**4,034**	3,179
Miscellaneous operating income	**1,073**	618
Total other operating income	**17,879**	16,660
	331,251	297,818

* *Clearing fees of the Group is stated net of the amount payable to the SC of RM36,530,000 (2009: RM31,785,000).*

3. Operating Revenue

	Company 2010 RM'000	Company 2009 RM'000
Broker services	**11,236**	10,907
Income from subsidiaries:		
Dividend income	**117,651**	110,088
Management fees	**124,866**	136,058
Office space rental income	**6,047**	566
Lease rental income	**27,121**	19,372
Commitment fees	**600**	600
Other operating income	**–**	3,722
	287,521	281,313

4. Other Income

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Fines income	**1,162**	3,847	**–**	–
Interest income from:				
Deposits with banks and financial institutions	**11,721**	7,305	**5,471**	2,047
Investment securities	**4,205**	6,987	**1,895**	3,735
Others	**680**	840	**629**	763
Net gain on disposal of investment securities	**649**	448	**622**	134
Net gain on disposal of property, plant and equipment	**–**	362	**–**	715
Rental income	**5,911**	5,543	**5,911**	5,543
Grant income	**2,297**	1,658	**1,675**	1,449
Miscellaneous income	**3,173**	1,634	**2,013**	1,013
	29,798	28,624	**18,216**	15,399

5. Staff Costs

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Wages and salaries		**60,733**	54,778	**56,124**	54,259
Bonus		**10,665**	9,656	**9,808**	9,591
Social security contributions		**338**	331	**322**	330
Contributions to a defined contribution plan – EPF		**10,532**	10,153	**9,928**	10,109
(Reversal of)/provision for short term accumulating compensated unutilised leave		**(45)**	47	**(256)**	32
Retirement benefit obligations	27(a)	**1,577**	1,511	**1,577**	1,511
Reversal of charge on share options granted under ESOS		**–**	(204)	**–**	(204)
Separation benefits		**668**	101	**668**	101
Other benefits		**7,938**	6,878	**7,646**	6,871
		92,406	83,251	**85,817**	82,600

Included in staff costs of the Group and of the Company is the Executive Director's remuneration of RM1,509,000 (2009: RM1,438,000), as further disclosed in Note 8.

6. Depreciation and Amortisation

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Depreciation of property, plant and equipment	13	**19,829**	18,729	**19,178**	18,630
Amortisation of computer software	14(a)	**23,404**	20,182	**22,740**	20,033
		43,233	38,911	**41,918**	38,663

7. Other Operating Expenses

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Accretion of discount less amortisation of premium	**(1,305)**	200	**(1,447)**	–
Auditors' remuneration:				
Statutory audit	**251**	235	**58**	50
Non-audit fees				
– Assurance related	**55**	55	**55**	55
– Tax and other non-audit services	**523**	388	**456**	322
Administrative expenses	**6,237**	6,968	**5,980**	6,968
Building management costs:				
Office rental	**83**	83	**83**	83
Upkeep and maintenance	**10,118**	10,057	**10,056**	10,057
Computer software written off	**1,245**	–	**1,245**	–
CDS consumables	**3,738**	2,403	**3,738**	2,403
Impairment loss on computer software	**–**	2,006	**–**	2,006
Technology charges	**17,710**	14,243	**14,590**	14,243
Market development and promotions	**12,308**	15,384	**6,576**	15,282
Net loss on foreign exchange differences	**121**	3	**47**	47
Operating lease payments	**539**	539	**539**	539
Net impairment loss/(reversal of impairment) on trade and other receivables	**88**	189	**(124)**	44
Professional fees	**1,883**	1,498	**1,544**	1,474
Reversal of impairment on investment securities	**–**	(1,317)	**–**	(648)
Rental of equipment	**481**	483	**462**	483
Others	**6,967**	7,032	**7,767**	6,443
	61,042	60,449	**51,625**	59,851

8. Directors' Remuneration

	Note	Group & Company 2010 RM'000	Group & Company 2009 RM'000
Executive Director's remuneration:	5		
Salaries and other emoluments		**1,322**	1,243
Defined contribution plan – EPF		**187**	192
Share options granted under ESOS		**–**	3
		1,509	1,438
Estimated money value of benefits-in-kind		**31**	31
		1,540	1,469
Non-executive Directors' remuneration:			
Fees		**740**	750
Other emoluments		**1,358**	1,229
		2,098	1,979
Estimated money value of benefits-in-kind		**35**	35
		2,133	2,014
Total Directors' remuneration		**3,673**	3,483
Total Directors' remuneration excluding benefits-in-kind		**3,607**	3,417
Estimated money value of benefits-in-kind		**66**	66
Total Directors' remuneration including benefits-in-kind		**3,673**	3,483

	2010 Directors' fees RM'000	2010 Other allowances*/ salaries RM'000	2009 Directors' fees RM'000	2009 Other allowances*/ salaries RM'000
Tun Mohamed Dzaiddin bin Haji Abdullah	**90**	**722**	90	626
Dato' Abdul Latif bin Abdullah	**15**	**30**	60	57
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	**26**	**37**	60	47
Dato' Tajuddin bin Atan	**60**	**63**	60	66
Datuk Dr. Md Tap bin Salleh	**45**	**55**	–	–
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	**24**	**19**	–	–
Datin Paduka Siti Sa'diah bt Sheikh Bakir	**60**	**54**	60	50
Dato' Dr. Thillainathan a/l Ramasamy	**60**	**74**	60	82
Dato' Sri Abdul Wahid bin Omar	**60**	**53**	60	56
Izham bin Yusoff	**60**	**64**	60	58
Dato' Wong Puan Wah @ Wong Sulong	**60**	**69**	60	64
Cheah Tek Kuang	**60**	**56**	60	58
Dato' Saiful Bahri bin Zainuddin	**60**	**54**	60	57
Ong Leong Huat @ Wong Joo Hwa	**60**	**43**	60	43
Dato' Yusli bin Mohamed Yusoff	**–**	**1,540**	–	1,469
	740	**2,933**	750	2,733

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

9. Finance Costs

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Commitment fees	**614**	625	**114**	125

10. Income Tax Expense

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Income tax:				
Current year's provision	**43,095**	33,911	**20,198**	13,719
Under provision of income tax in prior year	**134**	5,285	**71**	5,206
	43,229	39,196	**20,269**	18,925
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	**4,505**	6,593	**1,596**	3,407
Under/(over) provision of tax in prior years	**379**	(4,346)	**342**	(3,535)
	4,884	2,247	**1,938**	(128)
Total income tax expense	**48,113**	41,443	**22,207**	18,797

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2010 and 31 December 2009 are as follows:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Accounting profit before tax	**163,754**	219,181	**126,263**	226,028
Taxation at Malaysian statutory tax rate of 25%	**40,939**	54,795	**31,566**	56,507
Deferred tax not recognised in respect of current year's tax losses	**2,623**	325	**–**	–
Effect of tax rate of 3% on profit before tax for companies incorporated in Labuan	**191**	50	**–**	–
Effect of expenses not deductible for tax purposes	**4,448**	4,317	**3,836**	3,913
Effect of income not subject to tax	**(662)**	(19,028)	**(13,608)**	(43,294)
Utilisation of business loss by Bursa Malaysia Derivatives Berhad Fidelity Fund	**61**	45	**–**	–
Under/(over) provision of deferred tax in prior years	**379**	(4,346)	**342**	(3,535)
Under provision of income tax in prior year	**134**	5,285	**71**	5,206
Tax expense for the year	**48,113**	41,443	**22,207**	18,797

11. Earnings Per Share

(a) Basic EPS

Basic EPS is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group 2010	Group 2009
Profit net of tax attributable to owners of the Company (RM'000)	**113,041**	177,588
Weighted average number of ordinary shares in issue ('000)	**530,984**	526,970
Basic EPS (sen)	**21.3**	33.7

(b) Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of ordinary shares issued to employees during the year via ESOS. For 2009, the dilutive effects included potential ordinary shares which may arise from the exercise of share options which were unexercised as at the end of that year.

	Group 2010	Group 2009
Profit net of tax attributable to owners of the Company (RM'000)	**113,041**	177,588
Weighted average number of ordinary shares in issue ('000)	**530,984**	526,970
Effect of dilution of share options ('000)	**961**	1,354
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**531,945**	528,324
Diluted EPS (sen)	**21.3**	33.6

12. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Recognised during the financial year:				
Interim dividend on ordinary shares				
9.5 sen per share under the single tier system, on 531,399,000 ordinary shares	**50,483**	–	**50,483**	–
5.1 sen per share less 25 per cent taxation and 5 sen per share under the single tier system, on 527,529,000 ordinary shares (net 8.8 sen per share)	**–**	46,554	**–**	46,554
Final dividend on ordinary shares				
9 sen per share under the single tier system, on 531,399,000 ordinary shares	**–**	47,826	**47,826**	–
7.8 sen per share less 25 per cent taxation, on 525,927,000 ordinary shares (net 5.9 sen per share) in respect of the year 2008	**–**	–	**–**	30,768
	50,483	94,380	**98,309**	77,322

At the forthcoming Annual General Meeting, a final dividend under the single tier system in respect of the financial year ended 31 December 2010, of 10.5 sen per share on 531,399,000 ordinary shares, amounting to a dividend payable of approximately RM55,797,000 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 2011.

13. Property, Plant and Equipment

Group	Note	Land and buildings (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2010		**317,519**	**31,238**	**111,634**	**1,671**	**462,062**
Additions		**1,251**	**337**	**6,171**	**178**	**7,937**
Reclassification	14(a)	**–**	**–**	**(285)**	**–**	**(285)**
Exchange differences		**(23)**	**(8)**	**(205)**	**(6)**	**(242)**
At 31 December 2010		**318,747**	**31,567**	**117,315**	**1,843**	**469,472**
Accumulated depreciation and impairment losses						
At 1 January 2010		**105,382**	**30,146**	**82,932**	**439**	**218,899**
Depreciation charge for the year	6	**7,201**	**398**	**11,891**	**339**	**19,829**
Reclassification	14(a)	**–**	**–**	**(118)**	**–**	**(118)**
Exchange differences		**(23)**	**(8)**	**(205)**	**(6)**	**(242)**
At 31 December 2010		**112,560**	**30,536**	**94,500**	**772**	**238,368**
Net carrying amount at 31 December 2010		**206,187**	**1,031**	**22,815**	**1,071**	**231,104**

Group	Note	Land and buildings (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2009		317,124	30,793	105,574	2,073	455,564
Additions		399	446	6,330	995	8,170
Disposals		–	–	–	(1,396)	(1,396)
Written off		–	–	(242)	–	(242)
Exchange differences		(4)	(1)	(28)	(1)	(34)
At 31 December 2009		317,519	31,238	111,634	1,671	462,062
Accumulated depreciation and impairment losses						
At 1 January 2009		98,161	29,723	72,351	1,607	201,842
Depreciation charge for the year	6	7,225	424	10,851	229	18,729
Disposals		–	–	–	(1,396)	(1,396)
Written off		–	–	(242)	–	(242)
Exchange differences		(4)	(1)	(28)	(1)	(34)
At 31 December 2009		105,382	30,146	82,932	439	218,899
Net carrying amount at 31 December 2009		212,137	1,092	28,702	1,232	243,163

13. Property, Plant and Equipment

Company	Note	Land and buildings (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2010		**317,282**	**30,697**	**97,119**	**1,606**	**446,704**
Additions		**1,235**	**285**	**3,779**	**–**	**5,299**
Reclassification	14(a)	**–**	**–**	**(285)**	**–**	**(285)**
At 31 December 2010		**318,517**	**30,982**	**100,613**	**1,606**	**451,718**
Accumulated depreciation and impairment losses						
At 1 January 2010		**105,145**	**29,605**	**69,016**	**374**	**204,140**
Depreciation charge for the year	6	**7,198**	**390**	**11,286**	**304**	**19,178**
Reclassification	14(a)	**–**	**–**	**(118)**	**–**	**(118)**
At 31 December 2010		**112,343**	**29,995**	**80,184**	**678**	**223,200**
Net carrying amount at 31 December 2010		**206,174**	**987**	**20,429**	**928**	**228,518**

Company	Note	Land and buildings (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Total RM'000
Cost						
At 1 January 2009		316,883	30,384	92,472	1,890	441,629
Additions		399	446	6,008	995	7,848
Disposals		–	–	–	(1,279)	(1,279)
Written off		–	–	(242)	–	(242)
Transfer to subsidiaries		–	(133)	(1,119)	–	(1,252)
At 31 December 2009		317,282	30,697	97,119	1,606	446,704
Accumulated depreciation and impairment losses						
At 1 January 2009		97,920	29,314	59,252	1,424	187,910
Depreciation charge for the year	6	7,225	424	10,752	229	18,630
Disposals		–	–	–	(1,279)	(1,279)
Written off		–	–	(242)	–	(242)
Transfer to subsidiaries		–	(133)	(746)	–	(879)
At 31 December 2009		105,145	29,605	69,016	374	204,140
Net carrying amount at 31 December 2009		212,137	1,092	28,103	1,232	242,564

13. Property, Plant and Equipment

(a) Land and buildings

Group	Buildings RM'000	Office lots RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 January 2010	**285,960**	**19,862**	**11,697**	**317,519**
Additions	**–**	**–**	**1,251**	**1,251**
Exchange differences	**–**	**–**	**(23)**	**(23)**
At 31 December 2010	**285,960**	**19,862**	**12,925**	**318,747**
Accumulated depreciation and impairment losses				
At 1 January 2010	**88,738**	**9,332**	**7,312**	**105,382**
Depreciation charge for the year	**5,242**	**281**	**1,678**	**7,201**
Exchange differences	**–**	**–**	**(23)**	**(23)**
At 31 December 2010	**93,980**	**9,613**	**8,967**	**112,560**
Net carrying amount at 31 December 2010	**191,980**	**10,249**	**3,958**	**206,187**

Group	Buildings RM'000	Office lots RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 January 2009	285,960	19,862	11,302	317,124
Additions	–	–	399	399
Exchange differences	–	–	(4)	(4)
At 31 December 2009	285,960	19,862	11,697	317,519
Accumulated depreciation and impairment losses				
At 1 January 2009	83,496	9,051	5,614	98,161
Depreciation charge for the year	5,242	281	1,702	7,225
Exchange differences	–	–	(4)	(4)
At 31 December 2009	88,738	9,332	7,312	105,382
Net carrying amount at 31 December 2009	197,222	10,530	4,385	212,137

13. Property, Plant and Equipment

(a) Land and buildings

Company	Buildings RM'000	Office lots RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 January 2010	**285,960**	**19,862**	**11,460**	**317,282**
Additions	**–**	**–**	**1,235**	**1,235**
At 31 December 2010	**285,960**	**19,862**	**12,695**	**318,517**
Accumulated depreciation and impairment losses				
At 1 January 2010	**88,738**	**9,332**	**7,075**	**105,145**
Depreciation charge for the year	**5,242**	**281**	**1,675**	**7,198**
At 31 December 2010	**93,980**	**9,613**	**8,750**	**112,343**
Net carrying amount at 31 December 2010	**191,980**	**10,249**	**3,945**	**206,174**

Company	Buildings RM'000	Office lots RM'000	Renovation RM'000	Total RM'000
Cost				
At 1 January 2009	285,960	19,862	11,061	316,883
Additions	–	–	399	399
At 31 December 2009	285,960	19,862	11,460	317,282
Accumulated depreciation and impairment losses				
At 1 January 2009	83,496	9,051	5,373	97,920
Depreciation charge for the year	5,242	281	1,702	7,225
At 31 December 2009	88,738	9,332	7,075	105,145
Net carrying amount at 31 December 2009	197,222	10,530	4,385	212,137

14. Intangible Assets

(a) Computer software

Group	Note	2010 Implemented projects RM'000	2010 Projects-in-progress RM'000	2010 Total RM'000	2009 Implemented projects RM'000	2009 Projects-in progress RM'000	2009 Total RM'000
Cost							
At 1 January		**110,304**	**3,959**	**114,263**	83,834	16,460	100,294
Additions		**10,934**	**2,975**	**13,909**	11,538	2,431	13,969
Written off		**(9,973)**	**(1,225)**	**(11,198)**			
Reclassification	13	**285**	**–**	**285**	14,932	(14,932)	–
At 31 December		**111,550**	**5,709**	**117,259**	110,304	3,959	114,263
Accumulated amortisation and impairment losses							
At 1 January		**30,654**	**–**	**30,654**	8,466	–	8,466
Amortisation charge	6	**23,404**	**–**	**23,404**	20,182	–	20,182
Impairment charge		**–**	**–**	**–**	2,006	–	2,006
Written off		**(9,973)**	**–**	**(9,973)**	–	–	–
Reclassification	13	**118**	**–**	**118**	–	–	–
At 31 December		**44,203**	**–**	**44,203**	30,654	–	30,654
Net carrying amount at 31 December		**67,347**	**5,709**	**73,056**	79,650	3,959	83,609

Company	Note	2010 Implemented projects RM'000	2010 Projects-in-progress RM'000	2010 Total RM'000	2009 Implemented projects RM'000	2009 Projects-in progress RM'000	2009 Total RM'000
Cost							
At 1 January		**108,899**	**3,959**	**112,858**	82,932	16,460	99,392
Additions		**5,130**	**816**	**5,946**	11,287	2,431	13,718
Reclassification	13	**3,162**	**(2,877)**	**285**	14,932	(14,932)	–
Written off		**(9,973)**	**(1,225)**	**(11,198)**	–	–	–
Transfer to subsidiaries		**–**	**–**	**–**	(252)	–	(252)
At 31 December		**107,218**	**673**	**107,891**	108,899	3,959	112,858
Accumulated amortisation and impairment losses							
At 1 January		**30,348**	**–**	**30,348**	8,402	–	8,402
Amortisation charge	6	**22,740**	**–**	**22,740**	20,033	–	20,033
Impairment charge		**–**	**–**	**–**	2,006	–	2,006
Written off		**(9,973)**	**–**	**(9,973)**	–	–	–
Reclassification	13	**118**	**–**	**118**	–	–	–
Transfer to subsidiaries		**–**	**–**	**–**	(93)	–	(93)
At 31 December		**43,233**	**–**	**43,233**	30,348	–	30,348
Net carrying amount at 31 December		**63,985**	**673**	**64,658**	78,551	3,959	82,510

14. Intangible Assets

(b) Goodwill

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
At 1 January	**42,957**	44,720	**29,494**	29,494
Derecognition on part disposal of a subsidiary	**–**	(1,763)	**–**	–
At 31 December	**42,957**	42,957	**29,494**	29,494

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

	Group	
	2010 RM'000	2009 RM'000
Securities market	**33,273**	33,273
Derivatives market	**9,684**	9,684
	42,957	42,957

Key assumptions used in value-in-use calculations

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

(i) Securities market

Revenue was projected to grow at an average of 5% for the first five years following the current financial year. No growth was projected for in the subsequent years to perpetuity.

Expenses were projected to grow at 10% for the first three years following the current financial year and 3% in the fourth and fifth years. No growth was projected for in the subsequent years to perpetuity.

(ii) Derivatives market

Revenue and expenses were projected to grow between 10% to 30% according to expected developments in the derivatives market for the first five years following the current financial year. No growth was projected for in the subsequent years to perpetuity.

(iii) Discount rate

A 15% discount rate which approximates the Group's weighted average cost of capital for the year was used.

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 2010 RM'000	2009 RM'000
Unquoted shares, at cost	**174,183**	169,983
Less: Accumulated impairment losses	**(19,473)**	(19,473)
	154,710	150,510

During the financial year, the Company subscribed for 4,200,000 additional shares in Bursa Malaysia Bonds and Bursa Malaysia Islamic Services.

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

Name of subsidiaries	Proportion of ownership interest 2010 %	2009 %	Ordinary paid up capital as at 31.12.2010 RM'000	Principal activities
Bursa Malaysia Securities	**100**	100	25,000	Provide, operate and maintain a securities exchange.
Bursa Malaysia Derivatives	**75**	75	50,000	Provide, operate and maintain a derivatives exchange.
LFX*	**100**	100	5,500 (in USD'000)	Provide, operate and maintain an offshore financial exchange.
Bursa Malaysia Securities Clearing	**100**	100	50,000	Provide, operate and maintain a clearing house for the securities exchange.
Bursa Malaysia Depository	**100**	100	25,000	Provide, operate and maintain a central depository for securities listed on the securities exchange.
Bursa Malaysia Information	**100**	100	250	Provide and disseminate prices and other information relating to securities quoted on exchanges within the Group.
Bursa Malaysia Bonds	**100**	100	2,600	Provide, operate and maintain an electronic trading platform for the bond market.
Bursa Malaysia Islamic Services	**100**	100	2,600	Provide, operate and maintain a Shari'ah compliant commodity trading platform.
Subsidiary held through Bursa Malaysia Derivatives				
Bursa Malaysia Derivatives Clearing	**75**	75	20,000	Provide, operate and maintain a clearing house for the derivatives exchange.
Subsidiary held through Bursa Malaysia Depository				
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.

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

~ *Denotes RM2.*

16. Investment Securities

	Group 2010	2009	
	Carrying amount RM'000	Carrying amount* RM'000	Market value of investments RM'000
Non-current			
AFS financial assets:			
– Shares (quoted outside Malaysia)	**75,997**	84,488	88,057
– Bonds (unquoted)	**34,407**	52,859	52,901
	110,404	137,347	140,958
Current			
AFS financial asset – Bonds (unquoted)	**27,335**	52,949	54,499
HTM investment – Commercial papers	**–**	9,935	9,935
	27,335	62,884	64,434
Total investments	**137,739**	200,231	205,392

	Company 2010	2009	
	Carrying amount RM'000	Carrying amount* RM'000	Market value of investments RM'000
Non-current			
AFS financial asset:			
– Shares (quoted outside Malaysia)	**75,997**	84,488	88,057
Current			
AFS financial asset – Bonds (unquoted)	**27,335**	52,949	54,499
HTM investment – Commercial papers	**–**	4,966	4,966
	27,335	57,915	59,465
Total investments	**103,332**	142,403	147,522

* *Prior to 1 January 2010, the unquoted bonds were carried at lower of cost and market value or at cost adjusted for amortisation of premium net of accretion of discount less impairment losses, determined on an aggregate basis. The shares quoted outside Malaysia were stated at the lower of cost and market value.*

17. Staff Loans Receivable

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Housing loans		**14,712**	18,051	**13,493**	16,691
Vehicle loans		**96**	143	**96**	143
Computer loans		**111**	112	**97**	103
Staff advances		**–**	8	**–**	–
		14,919	18,314	**13,686**	16,937
Less: Portion within 12 months, included in other receivables	20	**(1,114)**	(1,268)	**(986)**	(1,141)
		13,805	17,046	**12,700**	15,796

18. Deferred Tax Assets/(Liabilities)

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
At 1 January		**(12,069)**	(9,822)	**(15,901)**	(16,029)
Effects of adopting FRS 139		**(667)**	–	**(375)**	–
At 1 January, as restated		**(12,736)**	(9,822)	**(16,276)**	(16,029)
Recognised in income statement	10	**(4,884)**	(2,247)	**(1,938)**	128
Recognised in other comprehensive income		**294**	–	**324**	–
At 31 December		**(17,326)**	(12,069)	**(17,890)**	(15,901)

Presented after appropriate offsetting as follows:

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Deferred tax assets	**1,023**	4,139	**–**	–
Deferred tax liabilities	**(18,349)**	(16,208)	**(17,890)**	(15,901)
	(17,326)	(12,069)	**(17,890)**	(15,901)

18. Deferred Tax Assets/(Liabilities)

Deferred tax assets of the Group:	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Provision for doubtful debts RM'000	Depreciation in excess of capital allowances RM'000	Unutilised tax losses and unused capital allowances RM'000	Total RM'000
At 1 January 2010	**5,974**	**4,695**	**1,055**	**1**	**9,223**	**20,948**
Effects of adopting FRS 139	**–**	**–**	**75**	**–**	**–**	**75**
At 1 January 2010, as restated	**5,974**	**4,695**	**1,130**	**1**	**9,223**	**21,023**
Recognised in income statement	**(267)**	**(103)**	**(608)**	**–**	**(8,234)**	**(9,212)**
At 31 December 2010	**5,707**	**4,592**	**522**	**1**	**989**	**11,811**
At 1 January 2009	5,736	3,770	1,031	1	5,451	15,989
Recognised in income statement	238	925	24	–	3,772	4,959
At 31 December 2009	5,974	4,695	1,055	1	9,223	20,948
Deferred tax assets of the Company:						
At 1 January 2010	**5,974**	**3,598**	**433**	**–**	**6,804**	**16,809**
Effects of adopting FRS 139	**–**	**–**	**140**	**–**	**–**	**140**
At 1 January 2010, as restated	**5,974**	**3,598**	**573**	**–**	**6,804**	**16,949**
Recognised in income statement	**(267)**	**(365)**	**(161)**	**–**	**(6,804)**	**(7,597)**
At 31 December 2010	**5,707**	**3,233**	**412**	**–**	**–**	**9,352**
At 1 January 2009	5,736	3,508	388	–	–	9,632
Recognised in income statement	238	90	45	–	6,804	7,177
At 31 December 2009	5,974	3,598	433	–	6,804	16,809

	2010			2009
Deferred tax liabilities of the Group:	Accelerated capital allowances RM'000	AFS Investments RM'000	Total RM'000	Accelerated capital allowances RM'000
At 1 January	**(33,017)**	**–**	**(33,017)**	(25,811)
Effects of adopting FRS 139	**–**	**(742)**	**(742)**	–
At 1 January, as restated	**(33,017)**	**(742)**	**(33,759)**	(25,811)
Recognised in income statement	**4,364**	**(36)**	**4,328**	(7,206)
Recognised in other comprehensive income	**–**	**294**	**294**	–
At 31 December	**(28,653)**	**(484)**	**(29,137)**	(33,017)

18. Deferred Tax Assets/(Liabilities)

Deferred tax liabilities of the Company:	2010 Accelerated capital allowances RM'000	2010 AFS Investments RM'000	2010 Total RM'000	2009 Accelerated capital allowances RM'000
At 1 January	**(32,710)**	**–**	**(32,710)**	(25,661)
Effects of adopting FRS139	**–**	**(515)**	**(515)**	–
At 1 January, as restated	**(32,710)**	**(515)**	**(33,225)**	(25,661)
Recognised in income statement	**5,638**	**21**	**5,659**	(7,049)
Recognised in other comprehensive income	**–**	**324**	**324**	–
At 31 December	**(27,072)**	**(170)**	**(27,242)**	(32,710)

At the financial year end, the Group has tax losses of approximately RM11,747,000 (2009: RM1,361,000) that are available for offset against future profits of the companies in which the losses arose. No deferred tax asset is recognised on this amount due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act 1967 and guidelines issued by the tax authority.

19. Trade Receivables

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Trade receivables	**35,215**	23,608	**1,849**	1,943
Less: Allowance for impairment	**(1,689)**	(2,580)	**(486)**	(441)
Trade receivables, net	**33,526**	21,028	**1,363**	1,502

20. Other Receivables

	Note	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Deposits		**815**	1,056	**698**	875
Prepayments		**1,681**	1,839	**1,410**	1,762
Interest receivables		**2,045**	2,011	**656**	765
Staff loans receivable within 12 months	17	**1,114**	1,268	**986**	1,141
Sundry receivables		**10,843**	9,244	**3,254**	6,586
		16,498	15,418	**7,004**	11,129
Less: Allowance for impairment		**(6,301)**	(1,655)	**(1,647)**	(1,290)
Other receivables, net		**10,197**	13,763	**5,357**	9,839

21. Related Company Balances

The amounts due from subsidiaries are unsecured, receivable within 30 days and bear late interest charges of two per cent above the prevailing base lending rate.

In the previous year, the amounts due from subsidiaries are interest-free, unsecured and have no fixed term of repayment.

22. Cash and Non-Cash Amounts from CPs and TCPs

	Note	Group Cash RM'000 (Note a)	Non-cash RM'000 (Note b)	Total RM'000
31 December 2010				
Margins and collaterals on derivatives contracts		**661,376**	**292,500**	**953,876**
Security deposits		**11,214**	**15,000**	**26,214**
SBL collaterals from TCPs of Bursa Malaysia Securities Clearing		**3,986**	**–**	**3,986**
Total trade payables		**676,576**	**307,500**	**984,076**
TCPs contributions to CGF	25(e)(i)	**11,115**	**6,179**	**17,294**
CPs contributions to DCF	25(e)(ii)	**22,428**	**–**	**22,428**
Total cash and non-cash from CPs and TCPs		**710,119**	**313,679**	**1,023,798**
31 December 2009				
Margins and collaterals on derivatives contracts		768,904	504,401	1,273,305
Security deposits		9,983	15,000	24,983
SBL collaterals from TCPs of Bursa Malaysia Securities Clearing		3,206	–	3,206
Total trade payables		782,093	519,401	1,301,494
TCPs contributions to CGF	25(e)(i)	11,013	6,256	17,269
CPs contributions to DCF	25(e)(ii)	21,428	–	21,428
Total cash and non-cash from CPs and TCPs		814,534	525,657	1,340,191

Note a

The cash received from CPs and TCPs are placed in interest-bearing deposits and interest earned is credited to the CPs' and TCPs' accounts net of service charges as follows:

	Group 2010 RM'000	2009 RM'000
Cash on hand and at banks	**9,389**	11,718
Deposits with:		
Licensed banks	**700,730**	797,531
Licensed investment banks	**–**	5,285
	710,119	814,534

Note b

The following collaterals, security deposits and contributions to CGF were lodged with the Group but are not included in the Group's statement of financial position.

	Group 2010 RM'000	2009 RM'000
Letters of credit	**307,500**	519,401
Bank guarantees	**6,179**	6,256
	313,679	525,657

23. Cash and Bank Balances

	Group 2010 RM'000	Group 2009 RM'000	Company 2010 RM'000	Company 2009 RM'000
Cash at banks and on hand	**7,365**	4,994	**4,674**	730
Deposits with:				
Licensed banks	**397,766**	308,697	**214,483**	162,111
Licensed investment banks	**45,011**	23,225	**31,259**	16,369
	442,777	331,922	**245,742**	178,480
Total	**450,142**	336,916	**250,416**	179,210

Included in cash and bank balances are the following:

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

	Note	Group 2010 RM'000	Group 2009 RM'000
Bursa Malaysia Securities Clearing's contribution to the CGF	25(e)(i))	**25,000**	25,000
Bursa Malaysia Derivatives Clearing's contribution to the DCF	25(e)(ii))	**5,000**	5,000
		30,000	30,000

(ii) An amount of RM8,410,000 (2009: RM8,949,000) which has been set aside to meet or secure the claims of creditors and certain lease payments pursuant to the High Court orders issued in relation to the reduction of capital of the Company on 27 January 2005.

24. Share Capital

	Note	Number of ordinary shares of RM0.50 each 2010 '000	Number of ordinary shares of RM0.50 each 2009 '000	Amount 2010 RM'000	Amount 2009 RM'000
Authorised					
At 1 January/31 December		**2,000,000**	2,000,000	**1,000,000**	1,000,000
Issued and fully paid					
At 1 January		**528,656**	525,886	**264,328**	262,943
Issued during the year pursuant to ESOS	27(b)	**2,743**	2,770	**1,372**	1,385
At 31 December		**531,399**	528,656	**265,700**	264,328

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
2010	"C" preference shares	1	200
			13,900

The share premium arising from the above issues are not refundable to the preference shareholders and thus are 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	
	2010 RM'000	2009 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 translation reserve

The foreign currency translation 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. The balance was transferred to retained earnings during the year upon the expiry of the ESOS.

25. Other Reserves

(e) Clearing fund reserves

	Note	Group 2010 RM'000	Group 2009 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. 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 financial year end, the CGF composition was as follows:

	Note	2010 RM'000	2009 RM'000
TCPs of Bursa Malaysia Securities Clearing	22	**11,115**	11,013
Bursa Malaysia Securities Clearing	23(i)	**25,000**	25,000
Standby Credit Facility from the Company	32(b)	**60,000**	60,000
		96,115	96,013

Non-cash collaterals from TCPs of Bursa Malaysia Securities Clearing for CGF held by the Group as at 31 December 2010 and 31 December 2009 are disclosed in Note 22(b).

(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 appropriation of certain amounts from Bursa Malaysia Derivatives Clearing's retained earnings.

As at the financial year end, the DCF composition was as follows:

	Note	2010 RM'000	2009 RM'000
CPs of Bursa Malaysia Derivatives Clearing	22	**22,428**	21,428
Bursa Malaysia Derivatives Clearing	23(i)	**5,000**	5,000
		27,428	26,428

There were no non-cash collaterals from CPs of Bursa Malaysia Derivatives Clearing for DCF held by the Group as at 31 December 2010 and 31 December 2009.

(f) AFS reserve

AFS reserve represents the cumulative fair value changes, net of tax, of AFS financial assets until they are disposed of or impaired.

26. Retained Earnings

	Group 2010 RM'000	Company 2010 RM'000
Total retained earnings:		
Realised	**476,870**	454,469
Unrealised	**(17,346)**	(14,071)
	459,524	440,398
Consolidation adjustments	**2,126**	–
	461,650	440,398

The above breakdown and components of retained earnings are identified and disclosed in accordance with the requirements of Bursa Malaysia Securities.

The Company has elected for the irrevocable option under the Finance Act 2007 to disregard the Section 108 balance as at 30 September 2009. Following that, the Company will be able to distribute dividends out of its entire retained earnings 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:

	Note	Group and Company 2010 RM'000	2009 RM'000
At 1 January		**23,893**	22,940
Recognised in income statement	5	**1,577**	1,511
Contributions paid		**(2,645)**	(558)
At 31 December		**22,825**	23,893

The amounts recognised in the statements of financial position were determined as follows:

	Group and Company 2010 RM'000	2009 RM'000
Present value of funded defined benefit obligations	**25,839**	25,981
Fair value of plan assets	**(1,853)**	(1,024)
Unrecognised actuarial losses	**(1,161)**	(1,064)
Net liability	**22,825**	23,893

27. Employee Benefits

(a) Retirement benefit obligations

The present value of defined benefit obligations are analysed as follows:

	Group and Company 2010 RM'000	Group and Company 2009 RM'000
Current	**863**	981
Non-current:		
Later than one year but not later than two years	**864**	1,130
Later than two years but not later than five years	**3,773**	2,817
Later than five years	**20,339**	21,053
	24,976	25,000
Total	**25,839**	25,981

The amounts recognised in the profit or loss during the year were as follows:

	Group and Company 2010 RM'000	Group and Company 2009 RM'000
Interest cost	**1,593**	1,541
Expected return on plan assets	**(16)**	(30)
Total	**1,577**	1,511

The actual return on the plan assets of the Group and of the Company for the year was a gain of RM22,000 (2009: RM401,000).

Principal actuarial assumptions used:

	2010 %	2009 %
Discount rate	**6.3**	6.3
Expected return on plan assets	**2.3**	2.2
Expected rate of salary increase	**5.0**	5.0

27. Employee Benefits

(b) ESOS

The ESOS was 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 was in force until its expiry on 8 March 2010.

The salient terms of the ESOS were 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.

27. Employee Benefits

(b) ESOS

The following table illustrates the number and WAEP of, and movements in, share options during the financial year:

	Number of share options					
	Outstanding at 1 Jan '000	Movements during the year Granted '000	Exercised '000	Forfeited '000	Outstanding at 31 Dec '000	Exercisable at 31 Dec '000
2010						
2005 options	**29,438**	**–**	**(1,889)**	**(27,549)**	**–**	**–**
2007 options	**194**	**–**	**(71)**	**(123)**	**–**	**–**
2008 options	**1,063**	**–**	**(170)**	**(893)**	**–**	**–**
2009 options	**1,239**	**–**	**(613)**	**(626)**	**–**	**–**
	31,934	**–**	**(2,743)**	**(29,191)**	**–**	**–**
WAEP	**2.41**	**–**	**2.57**	**–**	**–**	**–**
2009						
2005 options	31,257	–	(1,819)	–	29,438	1,907
2006 options	45	–	(45)	–	–	–
2007 options	250	–	(56)	–	194	194
2008 options	1,244	–	(181)	–	1,063	1,063
2009 options	–	1,908	(669)	–	1,239	1,239
	32,796	1,908	(2,770)	–	31,934	4,403
WAEP	2.28	5.38	2.81	–	2.41	4.61

(i) Details of share options outstanding at the end of the previous year

Grant date	WAEP RM	Exercise period
2005 options	2.06	09.03.2005 – 08.03.2010
2007 options	6.09	15.03.2007 – 08.03.2010
2008 options	7.24	18.03.2008 – 08.03.2010
2009 options	6.05	18.03.2009 – 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 2,743,000 (2009: 2,770,000) ordinary shares at WAEP of RM2.57 (2009: RM2.81) each. The related weighted average share price at the date of exercise was RM7.75 (2009: RM6.81).

27. Employee Benefits

(b) ESOS

(iii) Fair value of share options granted during the previous year

The fair value of share options granted in 2009 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:

Weighted average fair value of share options (RM)	1.08
Weighted average share price (RM)	4.55
Weighted average exercise price (RM)	5.38
Expected volatility (%)	41.5
Expected life (years)	1.0
Risk free rate (%)	2.5
Expected dividend yield (%)	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 over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

28. Deferred Capital Grants

	Note	Group RM'000	Company RM'000
At 1 January 2010		**12,211**	**9,650**
Grant recognised		**1,072**	**1,072**
Grants utilised	4	**(2,297)**	**(1,675)**
At 31 December 2010		**10,986**	**9,047**
At 1 January 2009		11,617	8,847
Grant recognised		2,252	2,252
Grants utilised	4	(1,658)	(1,449)
At 31 December 2009		12,211	9,650

The deferred capital grants of the Group refer to grants for the development of the bond trading platform and clearing facilities for the derivatives market. The deferred capital grant of the Company refers to the grant for the development of the bond trading platform.

29. Other Payables

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Accruals	**17,024**	16,479	**12,582**	16,065
Amount owing to SC	**5,012**	3,240	**–**	–
Provision for other liabilities	**14,227**	16,028	**12,997**	14,397
Receipts in advance	**10,478**	9,558	**9,321**	8,766
Sundry payables	**22,175**	18,809	**12,890**	12,856
	68,916	64,114	**47,790**	52,084

30. 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:

	2010 RM'000	2009 RM'000
Bursa Malaysia Securities – Securities Compensation Fund (Securities Compensation Fund)	**298,118**	291,740
Bursa Malaysia Derivatives – Fidelity Fund (Derivatives Fidelity Fund)	**13,978**	13,617
Bursa Malaysia Depository – Compensation Fund (Depository Compensation Fund)	**50,000**	50,000

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, in accordance with the provisions of the CMSA.

The Derivatives Fidelity Fund comprises contributions from trading participants. Contributions receivable and withdrawals from the Derivatives 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 paid for by Bursa Malaysia Depository.

31. 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.

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

	Group and Company	
	2010 RM'000	2009 RM'000
Not later than one year	**539**	539
Later than one year and not later than five years	**2,155**	2,155
Later than five years	**41,331**	41,870
	44,025	44,564

(b) The Group and Company as lessor of building

The Company has entered into non-cancellable operating lease agreements for the rental of office space in 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 financial year end but not recognised as receivables are as follows:

	Group and Company	
	2010 RM'000	2009 RM'000
Not later than one year	**5,693**	4,790
Later than one year and not later than two years	**5,590**	3,003
Later than two years and not later than five years	**2,468**	3,536
	13,751	11,329

These lease rentals in relation to external parties are recognised in profit or loss during the financial year.

(c) The Company as lessor of building

The Company has entered into an operating lease arrangement with its subsidiaries mainly for the use of office space. The lease is automatically renewed after the first year of lease with renewal option of another three years included in the agreement.

The future aggregate minimum lease payments receivable under the operating leases contracted for as at the financial year end but not recognised as receivables are as follows:

	Company	
	2010 RM'000	2009 RM'000
Not later than one year	**5,297**	6,798
Later than one year and not later than three years	**4,855**	13,030
	10,152	19,828

The lease rentals recognised in profit or loss during the financial year are disclosed in Notes 3 and 33(a).

31. Operating Lease Arrangements

(d) The Company as lessor of equipment

The Company has entered into an operating lease arrangement with its subsidiaries mainly for the use of computer equipment. The equipment is leased between three to seven years with no purchase option included in the contract.

The future aggregate minimum lease payments receivable under the operating leases contracted for as at the financial year end but not recognised as receivables are as follows:

	Company	
	2010 RM'000	2009 RM'000
Not later than one year	**23,147**	27,908
Later than one year and not later than five years	**60,474**	84,685
Later than five years	**14,688**	–
	98,309	112,593

The lease rentals recognised in profit or loss during the financial year are disclosed in Notes 3 and 33(a).

32. Commitments

(a) Capital commitments

	Group		Company	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Approved and contracted for:				
Computers and office automation	**15,819**	3,913	**3,027**	3,913
Renovation and office equipment	**448**	343	**448**	343
	16,267	4,256	**3,475**	4,256
Approved but not contracted for:				
Computers and office automation	**5,317**	11,683	**1,098**	1,122

(b) Other commitments

A standby credit facility of RM60 million (2009: RM60 million) was provided by the Company to Bursa Malaysia Securities Clearing in respect of the CGF (Note 25(e)(i)).

33. Significant Related Party Disclosures

(a) Transactions with subsidiaries

Significant transactions between the Company and its subsidiaries are as follows:

	2010 RM'000	2009 RM'000
Management fee income from subsidiaries:		
Bursa Malaysia Securities	**65,762**	62,793
Bursa Malaysia Derivatives	**12,034**	13,068
LFX	**887**	538
Bursa Malaysia Securities Clearing	**7,498**	16,757
Bursa Malaysia Derivatives Clearing	**2,510**	5,683
Bursa Malaysia Depository	**21,267**	26,053
Bursa Malaysia Information	**5,825**	10,211
Bursa Malaysia Islamic Services	**4,767**	280
Bursa Malaysia Bonds	**4,316**	675
	124,866	136,058
Office space rental income from:		
Bursa Malaysia Securities	**2,426**	228
Bursa Malaysia Derivatives	**453**	14
LFX	**149**	16
Bursa Malaysia Securities Clearing	**720**	64
Bursa Malaysia Derivatives Clearing	**–**	18
Bursa Malaysia Depository	**910**	74
Bursa Malaysia Information	**802**	101
Bursa Malaysia Islamic Services	**432**	38
Bursa Malaysia Bonds	**155**	13
	6,047	566
Lease rental income from:		
Bursa Malaysia Securities	**18,617**	15,541
Bursa Malaysia Derivatives	**3,346**	3,402
LFX	**164**	14
Bursa Malaysia Securities Clearing	**1,771**	148
Bursa Malaysia Derivatives Clearing	**173**	14
Bursa Malaysia Depository	**1,263**	105
Bursa Malaysia Information	**266**	22
Bursa Malaysia Bonds	**2**	–
Bursa Malaysia Islamic Services	**1,519**	126
	27,121	19,372
Commitment fees from a subsidiary, Bursa Malaysia Securities Clearing	**600**	600
Depository services charges to a subsidiary, Bursa Malaysia Depository	**(67)**	(68)
Property, plant and equipment and computer software transferred to subsidiaries:		
Bursa Malaysia Derivatives	**–**	704
Bursa Malaysia Derivatives Clearing	**–**	200

33. Significant Related Party Disclosures

(a) Transactions with subsidiaries

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 financial year end 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	
	2010 RM'000	2009 RM'000	2010 RM'000	2009 RM'000
Administration fee income from Securities Compensation Fund, a fund managed by the Company	**889**	865	**889**	865
Administration fee income from Derivatives Fidelity Fund, a fund managed by a subsidiary	**120**	120	**–**	–

The grant received from CMDF a shareholder of the Company, during the financial year amounting to RM3,324,000 includes grant receivable of RM2,252,000 from the previous financial year and RM1,072,000 in the current financial year (Note 28).

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.

33. Significant Related Party Disclosures

(c) Compensation of key management personnel

Key management personnel refers to the leadership team of the Group. The remuneration of key management personnel during the financial year was as follows:

	Group and Company	
	2010 RM'000	2009 RM'000
Short term employee benefits	**7,112**	5,930
Contributions to defined contribution plan – EPF	**873**	786
Share options granted under ESOS	**–**	195
Termination benefit	**441**	–
Other long term benefits	**24**	23
	8,450	6,934

Included in total remuneration of key management personnel is:

	Note	Group and Company	
		2010 RM'000	2009 RM'000
Executive Director's remuneration	8	**1,509**	1,438
Benefits-in-kind	8	**31**	31
		1,540	1,469

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	
	2010 RM'000	2009 RM'000
At 1 January	**4,364**	4,465
Granted	**–**	506
Exercised	**(503)**	(607)
Forfeited	**(3,861)**	–
At 31 December	**–**	4,364

34. Contingent Liability

In connection with the partial disposal of Bursa Malaysia Derivatives on 30 November 2009, the Company had entered into put and call options with CME Group over the ordinary shares of Bursa Malaysia Derivatives representing the 25% equity interest disposed off to CME Group. The exercise price for the put and call options shall be determined based on a pre-agreed formula which takes into consideration the performance of Bursa Malaysia Derivatives and other peer exchanges.

However, for a period of 48 months following the completion of the disposal, the Company and CME Group may only exercise the put or call option should certain events occur as defined in the Shareholders' Agreement. If the put or call option is exercised during this period, the party exercising the option will have to bear a certain specified premium or discount on the option price determined in the manner mentioned above.

35. Financial Risk Management Objectives and Policies

The Group and the Company are exposed to market risk (which comprise equity price risk, interest rate risk and foreign exchange risk), liquidity risk and credit risk arising from its business activities.

The Group and Company ensure that the above risks are managed in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group and of the Company. There has been no change in the nature of the risks which the Group and the Company are exposed to, nor the objectives, policies and processes to manage those risks compared to the previous year.

(a) Market risk: Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group and the Company are exposed to equity price risk through the Company's holding of shares in the CME Group. The shares were obtained as part of the purchase consideration in the strategic alliance forged with CME Group.

The Group and the Company monitor the value of the equity holding by considering the movements in the quoted price, the potential future value to the Group and the sell down restrictions surrounding the equity holding.

The instrument has been classified as an AFS investment. As such, an increase/decrease of one per cent in the quoted price of the instrument would result in an increase/decrease in equity of RM760,000.

(b) Market risk: Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and the Company are exposed to interest rate risk through the holding of unquoted bonds and deposits in financial institutions.

The Group and the Company manage interest rate risk by investing in varied asset classes.

The unquoted bonds have been classified as AFS and HTM investments, while the deposits are classified as cash and cash equivalents. A 25 basis point increase/decrease in interest rates based on currently observable market environment with all other variables held constant, would have the following effect on the Group and the Company's profit after tax and equity:

	Group 2010 RM'000	Company 2010 RM'000
Increase/decrease in profit after tax	**844**	470
Increase/decrease on equity	**559**	357

(c) Market risk: Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and the Company are exposed to foreign currency risk primarily through the holding of CME Group shares which are denominated in USD and transactions in USD.

35. Financial Risk Management Objectives and Policies

(c) Market risk: Foreign currency risk

The Group is not exposed to foreign currency risk from the holding of margins and collaterals as the risks are borne by the participants.

Group At 31 December 2010	USD RM'000	SGD RM'000	JPY RM'000	Total RM'000
Financial assets				
Cash and bank balances	**74,407**	**531**	**8,884**	**83,822**
Financial liabilities				
Trade payables	**(74,407)**	**(531)**	**(8,884)**	**(83,822)**
	–	**–**	**–**	**–**

The Group and the Company do not hedge their currency exposures. The following table shows the accumulated amount of material financial assets and liabilities which are unhedged:

	USD RM'000
Group **At 31 December 2010**	
Financial assets	
Investment securities – shares quoted outside Malaysia	**75,997**
Trade receivables	**788**
	76,785
Company **At 31 December 2010**	
Financial assets	
Investment securities – shares quoted outside Malaysia	**75,997**

35. Financial Risk Management Objectives and Policies

(c) Market risk: Foreign currency risk

The following table demonstrates the sensitivity of the Group and the Company's profit after tax and equity to a reasonably possible change in the exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

	Group		Company	
	Profit after tax 2010 RM'000	Equity 2010 RM'000	Profit after tax 2010 RM'000	Equity 2010 RM'000
USD – weaken 5 per cent against RM	30	(3,800)	–	(3,800)

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial obligations due to a shortage of funds.

(i) Liabilities related risk

The Group and the Company maintain sufficient levels of cash and cash equivalents to meet working capital requirements. The Group and the Company also maintain a reasonable level of banking facilities for contingency operational requirements.

The table below summarises the maturity profile of the Group and the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

	Maturity			
	On demand RM'000	Less than three months RM'000	Three to 12 months RM'000	Total RM'000
Group				
At 31 December 2010				
Current liabilities				
Other payables which are financial liabilities	9,350	15,047	2,790	27,187
Company				
At 31 December 2010				
Current liabilities				
Other payables which are financial liabilities	4,110	6,071	2,709	12,890

35. Financial Risk Management Objectives and Policies

(d) Liquidity risk

(ii) Clearing and settlement related risk

The clearing house subsidiaries of the Group act as counterparties to eligible trades concluded on the securities and derivatives markets through the novation of obligations of the buyers and sellers. The Group mitigates this exposure by establishing financial criteria for admission as participants, monitoring participants' position limits and requiring that margins and collaterals on outstanding positions be placed with the clearing houses. Banking facilities and insurance are also taken to further mitigate this risk.

The liabilities and corresponding assets in relation to clearing and settlement risk as at the financial year end are shown below:

Group At 31 December 2010	On demand RM'000
Current assets	
Cash collected from CPs and TCPs	**710,119**
Current liabilities	
Trade payables	**(676,576)**
CPs and TCPs contributions to clearing funds	**(33,543)**
	–

(e) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk primarily from investment securities, staff loans receivable, trade receivables, other receivables which are financial assets and cash and bank balances with financial institutions.

At the financial year end, the Group and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

For investment securities and cash and bank balances with financial institutions, the Group and the Company minimise credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. Receivables are monitored to ensure that exposure to bad debts are minimised.

35. Financial Risk Management Objectives and Policies

(e) Credit risk

The counterparty risk rating of the Group and the Company's investment securities and cash and bank balances with financial institutions at the financial year end are as follows:

	Counterparty risk ratings				
	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Total RM'000
Group At 31 December 2010					
Cash and bank balances	540,630	488,170	131,461	–	1,160,261
AFS financial asset – unquoted bonds	20,342	26,593	10,799	4,008	61,742
				Note a	
Company At 31 December 2010					
Cash and bank balances	84,390	96,185	69,841	–	250,416
AFS financial asset – unquoted bonds	5,263	16,193	5,879	–	27,335

Note a
The risk rating of this AFS unquoted bond was downgraded from AA to BBB during the year.

The ageing analysis of the Group and the Company's receivables are as follows:

				Past due not impaired					
	Total RM'000	Impaired RM'000	Neither past due nor impaired RM'000	<30 days RM'000	31-60 days RM'000	61-90 days RM'000	91-180 days RM'000	>181 days RM'000	Total past due not impaired RM'000
Group At 31 December 2010									
Staff loans receivable	14,919	–	14,919	–	–	–	–	–	–
Trade receivables	35,215	1,689	26,969	4,503	834	376	319	525	6,557
Other receivables which are financial assets	13,703	6,301	3,013	2,169	–	–	–	2,220	4,389
Company At 31 December 2010									
Staff loans receivable	13,686	–	13,686	–	–	–	–	–	–
Trade receivables	1,849	486	551	399	128	126	86	73	812
Other receivables which are financial assets	4,608	1,647	1,507	75	–	–	–	1,379	1,454
Due from subsidiaries	28,275	–	–	28,275	–	–	–	–	28,275

(i) Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. The Group and the Company's trade receivables 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.

None of the Group and the Company's receivables that are neither past due nor impaired have been renegotiated during the financial year.

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

35. Financial Risk Management Objectives and Policies

(e) Credit risk

(ii) Receivables that are impaired

The Group and the Company's receivables that are impaired at the financial year end and the movement of the allowance accounts used to record the impairment are as follows:

Group At 31 December 2010	Trade receivables RM'000	Other receivables RM'000
At nominal amounts	2,391	7,439
Less: Allowance for impairment	(1,689)	(6,301)
	702	1,138
Movement in allowance accounts:		
At 1 January	2,580	1,655
Effects of adopting FRS 139	(244)	689
At 1 January, as restated	2,336	2,344
(Reversal)/charge of impairment losses for the year	(110)	59
Reclassification	(501)	3,898
Written off	(36)	–
At 31 December	1,689	6,301

Company At 31 December 2010	Trade receivables RM'000	Other receivables RM'000
At nominal amounts	812	1,647
Less: Allowance for impairment	(486)	(1,647)
	326	1,153
Movement in allowance accounts:		
At 1 January	441	1,290
Effects of adopting FRS 139	93	469
At 1 January, as restated	534	1,759
Written off	(36)	–
Reversal of impairment losses	(12)	(112)
At 31 December	486	1,647

Receivables that are individually determined to be impaired at the financial year end relate to debtors that are in significant financial difficulties and have defaulted on payments.

Receivables are not secured by any collateral or credit enhancements.

36. Fair Value of Financial Instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group Carrying amount RM'000	Group Fair value RM'000	Company Carrying amount RM'000	Company Fair value RM'000
At 31 December 2010					
Staff loans receivable	17	**14,919**	**10,104**	**13,686**	**9,170**
At 31 December 2009					
Staff loans receivable	17	18,314	12,597	16,937	11,546

(b) Determination of fair value

(i) Financial instruments that are not carried at fair value and which carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that have carrying amounts which are reasonable approximation of fair value due to their short-term nature:

	Note
Trade receivables	19
Other receivables which are financial assets (except staff loans receivable within 12 months)	20
Due from subsidiaries	21
Cash collected from CPs and TCPs	22
Cash and bank balances	23
Trade payables and CPs' and TCPs' contributions to clearing funds	22
Other payables which are financial liabilities	29

(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) Quoted equity instrument

Fair value is determined directly by reference to its published market bid price at the financial year end.

(iv) Unquoted bonds

Fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same or discounted cash flow model based on various assumptions.

37. Classification of Financial Instruments

With effect from 1 January 2010, the Group and the Company's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Group and the Company in the statement of financial position as at 31 December 2010 by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

Group At 31 December 2010	AFS RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Assets				
Investment securities	137,739	–	–	137,739
Staff loans receivable	–	13,805	–	13,805
Trade receivables	–	33,526	–	33,526
Other receivables which are financial assets	–	8,516	–	8,516
Cash collected from CPs and TCPs	–	710,119	–	710,119
Cash and bank balances	–	450,142	–	450,142
Total financial assets	137,739	1,216,108	–	1,353,847
Liabilities				
Trade payables	–	–	676,576	676,576
CPs' and TCPs' contributions to clearing funds	–	–	33,543	33,543
Other payables which are financial liabilities	–	–	27,187	27,187
Total financial liabilities	–	–	737,306	737,306

Company At 31 December 2010	AFS RM'000	Loan and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Assets				
Investment securities	103,332	–	–	103,332
Staff loans receivable	–	12,700	–	12,700
Trade receivables	–	1,363	–	1,363
Other receivables which are financial assets	–	3,947	–	3,947
Due from subsidiaries	–	27,773	–	27,773
Cash and bank balances	–	250,416	–	250,416
Total financial assets	103,332	296,199	–	399,531
Liabilities				
Other payables which are financial liabilities	–	–	12,890	12,890

38. Capital Management

The Group manages its capital with the objective of maximising shareholders returns. To achieve this, the Group takes into consideration and ensures the sufficiency of funds for operations, risk management and development. Although the Group's policy is to distribute 75 per cent of its profits to shareholders, it has been able thus far to distribute at least 90 per cent of its profits every year whilst ensuring that its pool of funds for future development is at a sufficient level.

The Group is not subject to any externally imposed capital requirements. However, the Group is required to set aside funds for the CGF and DCF in accordance with the business rules of its Clearing House subsidiaries.

Total capital managed at Group level, which comprises shareholders' funds and deferred capital grants, stood at RM863,290,000 as at the end of the financial year.

There has been no change in the above capital management objectives, policies and processes compared to the previous year.

39. Segment Information

(a) Reporting format

For management reporting purposes, the Group is organised into operating segments based on market segments as the Group's risks and rates of return are affected predominantly by the macro environment of the different markets.

The securities, derivatives and others market segments are managed by the respective segment divisional heads responsible for the performance of the respective segment under their charge.

(b) Market segments

The four major market segments of the Group are as follows:

(i) The **securities market** mainly comprises the provision and operation of the listing, trading, clearing, depository services and provision and dissemination of information relating to equity securities quoted on exchanges for the securities market.

(ii) The **derivatives market** mainly comprises the provision and operation of the trading, clearing, depository services and provision and dissemination of information relating to derivative products quoted on exchanges for the derivatives market.

(iii) The **exchange holding** business refers to the operation of the Company which functions as an investment holding company.

(iv) The **others** mainly comprises the provision of a Sha'riah compliant commodity trading platform, an electronic trading platform for the bond market and trading of an offshore market.

(c) 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.

Management monitors the operating results of its market segments separately for the purpose of making decisions about resource allocation and performance assessment. Group financing (including finance costs) and income taxes are not allocated to operating segments.

Transfer prices between segments are set on an arm's length basis in a manner similar to transactions with third parties.

39. Segment Information

Market segments

	Securities market RM'000	Derivatives market RM'000	Exchange holding RM'000	Others RM'000	Consolidated RM'000
31 December 2010					
Operating revenue	276,363	52,896	–	1,992	331,251
Other income	9,673	2,574	15,700	1,851	29,798
	286,036	55,470	15,700	3,843	361,049
Operating expenses	(127,740)	(42,198)	(12,519)	(14,178)	(196,635)
Segment results	158,296	13,272	3,181	(10,335)	164,414
Unallocated expenses					(46)
Profit from operations					164,368
Finance costs					(614)
Profit before tax					163,754
Income tax expense					(48,113)
Profit for the year					115,641
Segment assets					
Assets that belong to the Group	406,758	118,603	427,415	39,787	992,563
Cash collaterals and contributions	15,101	695,018	–	–	710,119
Segment assets	421,859	813,621	427,415	39,787	1,702,682
Unallocated corporate assets					5,572
Total assets					1,708,254
Segment liabilities					
Liabilities that belong to the Group	26,623	13,932	45,086	17,086	102,727
Cash collaterals and contributions	15,101	695,018	–	–	710,119
Segment liabilities	41,724	708,950	45,086	17,086	812,846
Unallocated corporate liabilities					31,838
Total liabilities					844,684
Other information					
Depreciation and amortisation	28,782	9,466	1,308	3,677	43,233
Other significant non-cash expenses:					
Net impairment loss on trade and other receivables	248	(61)	(124)	25	88
Retirement benefit obligations	–	–	1,577	–	1,577

39. Segment Information

Market segments

	Securities market RM'000	Derivatives market RM'000	Exchange holding RM'000	Others RM'000	Consolidated RM'000
31 December 2009					
Operating revenue	243,547	53,108	–	1,163	297,818
Other income	11,432	2,528	89,104	1,535	104,599
	254,979	55,636	89,104	2,698	402,417
Operating expenses	(126,058)	(29,521)	(20,603)	(6,382)	(182,564)
Segment results	128,921	26,115	68,501	(3,684)	219,853
Unallocated expenses					(47)
Profit from operations					219,806
Finance costs					(625)
Profit before tax					219,181
Income tax expense					(41,443)
Profit for the year					177,738
Segment assets					
Assets that belong to the Group	406,168	104,581	404,949	43,015	958,713
Cash collaterals and contributions	14,219	800,315	–	–	814,534
Segment assets	420,387	904,896	404,949	43,015	1,773,247
Unallocated corporate assets					13,394
Total assets					1,786,641
Segment liabilities					
Liabilities that belong to the Group	23,641	6,401	59,036	11,140	100,218
Cash collaterals and contributions	14,219	800,315	–	–	814,534
Segment liabilities	37,860	806,716	59,036	11,140	914,752
Unallocated corporate liabilities					23,277
Total liabilities					938,029
Other information					
Depreciation and amortisation	27,859	6,739	1,288	3,025	38,911
Net reversal of impairment on investment securities	(441)	(229)	(647)	–	(1,317)
Impairment loss on computer software	–	–	–	2,006	2,006
Other significant non-cash expenses:					
Net impairment loss on trade and other receivables	214	(63)	44	(6)	189
Retirement benefit obligations	–	–	1,511	–	1,511
Share options granted under ESOS, net of options lapsed during the year	–	–	(204)	–	(204)

List of Properties

owned by Bursa Malaysia Group as at 31 December 2010

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 2010 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	Office	Leasehold 99 years*	82 years (14 Apr 2092)	13 years	7,144/ 71,347	Aug 1997	143,022
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	Office	Leasehold 99 years*	85 years (28 Feb 2095)	12 years	9,314/ 38,609	Mar 1998	48,958
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	Office	Freehold	N/A	27 years	N/A/ 3,355	May 1998	10,250

** These are freehold lands which have been leased to us by the Federal Land Commissioner for a period of 99 years.*

Training Programmes Attended by Directors

1. TUN MOHAMED DZAIDDIN BIN HAJI ABDULLAH

• 21st Palm & Lauric Oils Conference	9 March 2010
• SC-Oxford Centre of Islamic Studies Roundtable & Forum	15 March 2010
• Bank Negara Malaysia Annual Report 2009/Financial Stability Briefing	24 March 2010
• Invest Malaysia 2010	30 March 2010
• FIDE Programme	12 & 13 April 2010
• Siri Syarahan Integriti: Integriti – Satu Perkongsian Pengalaman	25 May 2010
• Global Exchanges Trend and Development	17 June 2010
• CG Week 2010 – Towards CG Excellence	28 June 2010
• 21st Presidents of Law Association Conference: CG and Directors' Duties	27 July 2010
• 24th Sultan Azlan Shah Law Lecture: Bias and Conflicts of Interest – Challenges for Today's Decision-Makers	6 October 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010

2. DATO' TAJUDDIN BIN ATAN

• Managing Risks in Mortgage Financing	13 January 2010
• 21st Palm & Lauric Oils Conference	9 March 2010
• Goods and Services Tax	10 March 2010
• Invest Malaysia 2010	30 March 2010
• Global Exchanges Trend and Development	17 June 2010
• 16th Senior Management Development Programme, Harvard Business School Alumni	18 July 2010 – 1 August 2010

3. DATUK DR. MD TAP BIN SALLEH

• Is your long-term incentive plan driving sustainable long-term results?	31 March 2010
• CG Gap Analysis and Implementation Recommendations and Assists	5 April 2010
• Role of the Chartered Secretary as an Independent Director or Chief Investor Relations Officer	8 April 2010
• Role of the Company Secretary – Regulatory Perspective	9 April 2010
• Mandatory Accreditation Programme for Directors of PLCs	14 & 15 April 2010
• Induction Programme for Newly Appointed Directors	31 March 2010, 4 & 14 May 2010
• Global Exchanges Trend and Development	17 June 2010
• Integrity and Good Governance	26 July 2010
• Corporate Integrity in Construction Industry: Challenges and Issues for Accounting Professionals	23 September 2010
• Risk Management: Things Can Still Go Wrong	28 October 2010
• Integrity, Transparency and Accountability	29 October 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010

4. DATUK DR. SYED MUHAMAD BIN SYED ABDUL KADIR

• Managing Risks in Mortgage Financing	13 January 2010
• Towards Higher Income Economy Through Service Innovation	31 March 2010
• Risk Management of Derivatives – What Directors and Senior Management Should Know	27 April 2010
• World Islamic Economic Forum: Empowering Leaders of Tomorrow – Connect and Collaborate	18 May 2010
• Borderless and Globalisation – No Pain No Gain	9 June 2010
• Accelerated Route to Fellowship Course (International Arbitration)	19-20 June 2010
• Going Forward – Risk and Reform Implications for Audit Committee Oversights	13 July 2010
• Islamic Institutions and Governance	30 July 2010
• Takaful & Retakaful: Models and Main Differences	3 August 2010
• Continuing Obligations of Directors of PLCs and CG Guide	19 August 2010
• Induction Programme for Newly Appointed Directors	17 & 23 August 2010 and 6 September 2010
• Reclaiming the Commons: Collaborating and Competing in the New Economic Order	4 & 5 October 2010
• Operationalising the Malaysian Competition Act, Drawing from Experience in Asia, European Union and Australia	7 October 2010
• FIDE Board Simulation Exercise	20 & 21 October 2010
• Global Islamic Finance Forum: Islamic Finance – Opportunities for Tomorrow	25 October 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010
• Bank Negara Malaysia‘s Financial Industry Conference	3 November 2010
• Leading Championship Strategies	9-11 November 2010
• Managing the Risk and Evolution in Countering Terrorism Financing and Anti-Money Laundering	10 December 2010

5. DATIN PADUKA SITI SA'DIAH BINTI SHEIKH BAKIR

• Global Islamic Branding/Marketing	5 January 2010
• 21st Palm & Lauric Oils Conference	9 March 2010
• Invest Malaysia 2010	30-31 March 2010
• Malaysian Society for Quality in Health International Conference: Safer Healthcare – Patient and Family Empowerment	22 April 2010
• Oxford Strategic Leadership Programme	23-28 May 2010
• Global Exchanges Trend and Development	17 June 2010
• 2nd Annual CG Summit 2010: Truth, Lies and CG	6-7 July 2010
• Transformational Leadership for Allied Health Science Professionals	12 July 2010
• Islamic Branding and Marketing	26-27 July 2010
• Transformational Leadership: Nurturing Workers into Versatile Leaders	5 October 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010
• Energizing Innovation and Creative Minds: Challenges of Women Leaders for the Next Millennium 2057	21 December 2010

6. DATO' DR. THILLAINATHAN A/L RAMASAMY

• Asian Development Bank Regional Forum: Impact of Global Economic and Financial Crisis	14-15 January 2010
• Malaysian Economic Association Forum: New Economic Model	1 April 2010
• Global Exchanges Trend and Development	17 June 2010
• World Capital Markets Symposium: Transforming Capital Markets – Leadership, Change and Governance	27-28 September 2010
• 24th Sultan Azlan Shah Law Lecture: Bias and Conflicts of Interest – Challenges for Today's Decision-Makers	6 October 2010
• The General Manager as Strategist and Implementer	11 October 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010
• Bank Negara Malaysia's Financial Industry Conference	3 November 2010
• ASEAN Capital Markets Forum: Development of ASEAN Capital Markets	26 November 2010
• Resorts World Manager's Conference: Stepping Up to Stepping Out	28 November 2010
• 7th ASEAN Finance Ministers' Investor Seminar: Discovering Tomorrow's ASEAN	30 November 2010
• Strategic Review of Opportunity in Insurance Industry	2 December 2010

7. DATO' SRI ABDUL WAHID BIN OMAR

• Managing Risks in Mortgage Financing	13 January 2010
• Government Service Tax and Accounting	13 January 2010
• GLC Transformation Programme: The Orange Book on Strengthening Leadership Development	26 January 2010
• Opportunities and Risks arising from Climate Change for Malaysia and GLCs	5 March 2010
• Invest Malaysia 2010	30-31 March 2010
• 6th World Islamic Economic Forum	19 May 2010
• Global Exchanges Trend and Development	17 June 2010
• 6th Asia Banking CEO Roundtable – Managing for the Future	7 July 2010
• Visa Executive Programme	10 July 2010
• International Conference on Financial Crime and Terrorism Financing	19 July 2010
• 7th Kuala Lumpur Islamic Finance Forum: Islamic Finance – Authenticity, Innovation and Reach	3 August 2010
• IIF Asia CEO Summit	23 September 2010
• World Capital Markets Symposium: Transforming Capital Markets – Leadership, Change and Governance	27-28 September 2010
• 8th Bi-Annual Asia Europe Business Forum: Financial Services Industry – Opportunities and Challenges for Asia and Europe	4-5 October 2010
• IIF Annual Membership Meeting	8-10 October 2010
• Beijing Central Business District International Financial Forum: The Effect and Importance of Factor Markets to International Centres like Beijing	31 October 2010
• Invest Malaysia Beijing	1 November 2010
• Bank Negara Malaysia's Financial Industry Conference	3 November 2010
• Towards One ASEAN Market: Enhancing and Strengthening the Collaboration among ASEAN Countries	10 November 2010

8. IZHAM BIN YUSOFF

• CG	20 January 2010
• Corporate Responsibility Practices in the Context of Market Place	29 January 2010
• Why ESOS is not the only option	24 February 2010
• 21st Palm & Lauric Oils Conference	10 March 2010
• Invest Malaysia 2010	30-31 March 2010
• Global Exchanges Trend and Development	17 June 2010
• Attaining Corporate Resilience through Governance and Integrity	22-24 June 2010
• CG Roundtable: Towards CG Excellence	28 June 2010
• Engagement verses Activism – Achieving the Right Balance?	29 June 2010
• The Changing Landscape of Shareholder Activism – The Roles We Play	29 June 2010
• Independent Directors: Actual verses Perceived Independence	30 June 2010
• Views from the Boardroom – Challenges Directors Face	30 June 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010
• Updates on Regulatory Framework and Directors Duties	24 November 2010

9. DATO' WONG PUAN WAH @ WONG SULONG

• 21st Palm & Lauric Oils Conference	8-10 March 2010
• Invest Malaysia 2010	30-31 March 2010 and 1 April 2010
• Global Exchanges Trend and Development	17 June 2010
• Forensic Accounting and Fraud	8 October 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010
• Sustainability Programme for Corporate Malaysia: Powering Business Sustainability	23 November 2010

10. CHEAH TEK KUANG

• FIDE Programme (Module 2 – Group 10)	24–25 February 2010
• 21st Palm & Lauric Oils Conference	8-10 March 2010
• FIDE Programme (Module 3 – Group 10) Day 1	12 March 2010
• Invest Malaysia 2010	30-31 March 2010
• FIDE Programme (Module 1 – Group 15)	12-13 April 2010
• FIDE Programme (Module 4 – Group 10)	15-16 April 2010
• FIDE Programme (Module 3 – Group 10) Day 2	11 June 2010
• Attaining Corporate Resilience through Governance and Integrity	22–24 June 2010
• World Capital Markets Symposium: Transforming Capital Markets – Leadership, Change and Governance	27-28 September 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010

11. DATO' SAIFUL BAHRI BIN ZAINUDDIN

• Rethink Retail – Industry Leadership Forum	12 January 2010
• 12th Malaysia Strategic Outlook Conference	26 January 2010
• Why ESOS is Not the Only Option	24 February 2010
• 21st Palm & Lauric Oils Conference	8-10 March 2010
• Invest Malaysia 2010	30-31 March 2010 and 1 April 2010
• 6th World Islamic Economic Forum	18-20 May 2010
• Global Exchanges Trend and Development	17 June 2010
• 4th International Islamic Capital Market Forum	1 July 2010
• Dialogue Session with Asian Institute of Finance	9 July 2010
• SC Malaysia Capital Market Forum: Opportunities and Challenges for QDII in Malaysia	5 August 2010
• World Capital Markets Symposium: Transforming Capital Markets – Leadership, Change and Governance	27-28 September 2010
• Global Islamic Finance Forum: Islamic Finance – Opportunities for Tomorrow	25-28 October 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010
• Sustainability Programme for Corporate Malaysia: Powering Business Sustainability	23 November 2010
• 7th ASEAN Finance Ministers' Investor Seminar: Discovering Tomorrow's ASEAN	30 November 2010

12. ONG LEONG HUAT @ WONG JOO HWA

• Economics and Capital Markets 1: Forces Shaping Global Capital Markets	6 March 2010
• Invest Malaysia 2010	30 March 2010
• Government Transformation Programme Briefing	13 May 2010
• Global Exchanges Trend and Development	17 June 2010
• Corporate Strategic Analytics: Essentials of Corporate Proposal Analysis	30 October 2010

13. DATO' YUSLI BIN MOHAMED YUSOFF

• 21st Palm & Lauric Oils Conference	9 March 2010
• World Exchange Congress 2010: Growth Potential of Different Exchange Revenue Streams and New Opportunities to Exploit	22 March 2010
• World Exchange Congress 2010: Types of Win-win Partnerships with Emerging Market Exchanges	25 March 2010
• Invest Malaysia 2010	30-31 March 2010
• 29th AOSEF General Assembly	14 April 2010
• Becoming a Mindful Leader	22 April 2010
• PEMANDU: National Key Economics Activities Workshop	12 May 2010
• Malaysian Finance Association: Malaysian Capital Market – Does Liberalisation Need Re-regulation?	9 June 2010
• CSR Asia: Taking Stock and Charting the Future of CSR in Malaysia – Driving Sustainable Practices for PLCs	9 June 2010
• Global Exchanges Trend and Development	17 June 2010
• National Tax Conference 2010: The Malaysian Economy – Where are We Today and Where are We Heading	6 July 2010
• 7th Kuala Lumpur Islamic Finance Forum: Issuers and Investors – New Market and Trends	4 August 2010
• SC Malaysia Capital Market Forum 2010: Opportunities and Challenges for QDII in Malaysia	5 August 2010
• Invest Fair 2010: ASEAN Stock Exchanges – The Driver for Equity Markets	20 August 2010
• World Capital Markets Symposium: Transforming Capital Markets – Leadership, Change and Governance	27-28 September 2010
• 50th General Assembly of the World Federation of Exchanges	11 October 2010
• Global Islamic Finance Forum: Islam Finance – Opportunities for Tomorrow	28 October 2010
• Formulation of Capital Market Plan II	1 November 2010
• The Exchange Landscape	1 November 2010
• Changing Landscape for Global Exchanges	1 November 2010
• 5th China International Oils & Oilseeds Conference	6-7 November 2010
• 7th ASEAN Finance Ministers' Investor Seminar: Discovering Tomorrow's ASEAN	30 November 2010
• Istanbul Stock Exchange 25th Anniversary Conference: Regional Cooperation among Exchanges	10 December 2010

Statistics of Shareholdings

as at 14 February 2011

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	: RM265,699,650 comprising 531,399,300 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	100	1	101	0.39	1,606	12	1,618	0.00
100 – 1,000	10,485	155	10,640	40.72	9,046,422	126,700	9,173,122	1.73
1,001 – 10,000	12,230	445	12,675	48.51	47,624,999	2,146,800	49,771,799	9.37
10,001 – 100,000	2,237	217	2,454	9.39	58,376,671	7,344,915	65,721,586	12.37
100,001 – less than 5% of issued shares	144	114	258	0.99	128,539,266	103,231,908	231,771,174	43.61
5% and above of issued shares	2	0	2	0.00	174,960,001	0	174,960,001	32.92
Total	**25,198**	**932**	**26,130**	**100.00**	**418,548,965**	**112,850,335**	**531,399,300**	**100.00**

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	21,391	467	102,677,334	5,610,812	19.32	1.06
2.	Body Corporate						
	a. Banks/finance companies	34	2	38,526,907	221,300	7.25	0.04
	b. Investment trust/foundation/charities	13	0	332,000	0.00	0.06	0.00
	c. Industrial and commercial companies	287	18	13,462,625	399,700	2.53	0.08
3.	Government agencies/institutions	4	0	178,445,001	0	33.58	0.00
4.	Nominees	3,468	445	85,095,098	106,618,523	16.01	20.06
5.	Others	1	0	10,000	0	0.00	0.00
	Total	**25,198**	**932**	**418,548,965**	**112,850,335**	**78.76**	**21.24**

Top 30 Securities Account Holders

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Capital Market Development Fund	99,760,001	18.77
2.	Minister of Finance Incorporated	75,200,000	14.15
3.	CIMSEC Nominees (Tempatan) Sdn Bhd Minister of Finance Incorporated (ESOS Pool Account)	25,000,000	4.70
4.	Kumpulan Wang Persaraan (Diperbadankan)	23,884,400	4.49
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	19,599,094	3.69
6.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	11,272,600	2.12
7.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (ETP)	9,731,300	1.83
8.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon (BNYM as E&A)	7,233,500	1.36
9.	Cartaban Nominees (Asing) Sdn Bhd BBH and Co Boston for Fidelity Select Portfolio (Bkrage+Inv Mgt)	6,207,300	1.17
10.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS LUX for Aberdeen Global	6,200,000	1.17
11.	The Nomad Group Bhd	6,072,728	1.14
12.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	5,413,314	1.02
13.	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund OD75 for IShares Public Limited Company	3,755,500	0.71
14.	Pertubuhan Keselamatan Sosial	3,646,200	0.69
15.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.K.)	3,560,000	0.67
16.	Valuecap Sdn Bhd	3,492,200	0.66
17.	Lembaga Tabung Angkatan Tentera	3,480,000	0.65
18.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Kuwait Investment Office (KIO)	3,450,000	0.65
19.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Netherlands)	3,254,200	0.61
20.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	2,661,690	0.50
21.	Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank for Comgest Growth Gem Promising Companies (Comgest GR PLC)	2,000,000	0.38

Top 30 Securities Account Holders

No.	Name	No. of Issued Shares	% of Issued Shares
22.	Cartaban Nominees (Asing) Sdn Bhd State Street Munich Fund U7J2 for DWS Emerging Markets TYP 0	2,000,000	0.38
23.	HSBC Nominees (Asing) Sdn Bhd BNYM SA/NV for Invesco Asean Equity Fund	1,801,600	0.34
24.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Henderson TR Pacific Investment Trust PLC	1,678,500	0.32
25.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for American International Assurance Berhad	1,609,800	0.30
26.	HSBC Nominees (Asing) Sdn Bhd Sumitomo T&B NY for Sumishin Asia Oceania Haitourimawarikabumother Fund	1,550,000	0.29
27.	Employees Provident Fund Board	1,500,000	0.28
28.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank (Ireland) Public Limited Company	1,394,700	0.26
29.	OSK Investment Bank Berhad IVT “SW Book 1”	1,379,000	0.26
30.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon (Mellon Acct)	1,365,800	0.26
	Total	**339,153,427**	**63.82**

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 14 February 2011 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:

	Direct Interest		Deemed Interest		
Names of Directors	No. of Issued Shares	% of Issued Shares	Spouse No. of Issued Shares	Child No. of Issued Shares	% of Issued Shares
Tun Mohamed Dzaiddin bin Haji Abdullah	100,000	0.019	–	6,000	0.001
Dato’ Tajuddin bin Atan	0	0.000	–	–	–
Datuk Dr. Md Tap bin Salleh	0	0.000	–	–	–
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	0	0.000	–	–	–
Datin Paduka Siti Sa'diah binti Sheikh Bakir	52,000	0.009	–	–	–
Dato’ Dr. Thillainathan a/l Ramasamy	50,000	0.009	50,000	–	0.009
Dato' Sri Abdul Wahid bin Omar	10,000	0.002	–	–	–
Izham bin Yusoff	0	0.000	–	–	–
Dato’ Wong Puan Wah @ Wong Sulong	0	0.000	–	–	–
Cheah Tek Kuang	50,000	0.009	–	14,000	0.003
Dato’ Saiful Bahri bin Zainuddin	0	0.000	–	–	–
Ong Leong Huat @ Wong Joo Hwa	0	0.000	–	3,000	0.0005
Dato’ Yusli bin Mohamed Yusoff	700,000	0.132	105,000	–	0.02
Total	**962,000**	**0.18**			

Substantial Shareholders according to the Register of Substantial Shareholders as at 14 February 2011

No.	Name	No. of Issued Shares	% of Issued Shares
1.	CMDF*	99,760,001	18.77
2.	MOF Inc.	100,200,000	18.85

* *Total shares held by CMDF should be 100,200,001 ordinary shares of RM0.50 each in Bursa Malaysia. 440,000 shares representing 0.08% of CMDF's shareholdings in Bursa Malaysia were utilised for onward lending by Central Lending Agency to borrowers under Securities Borrowing and Lending.*

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 5 years duration of ESOS which commenced from 18 March 2005 and expired on 8 March 2010 (Option Period) in accordance with the ESOS Bye-Laws. A total of 33,059,400 options were vested to eligible employees in the Option Period.

The number of shares allotted pursuant to the exercise of options under ESOS from 1 January 2010 to 11 March 2010 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.	6-29 Jan 2010	444,300	222,150	Exercise of ESOS options	529,100,650	264,550,325
2.	4-25 Feb 2010	435,900	217,950	Exercise of ESOS options	529,536,550	264,768,275
3.	3-11 Mar 2010	1,862,750	931,375	Exercise of ESOS options	531,399,300	265,699,650

Other Disclosures

The following information is provided in accordance with Paragraph 9.25 of the MMLR 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 proposed share buy-back which was announced on 4 March 2009 was reapproved by the shareholders of the Company at the 33rd AGM on 29 March 2010. However, no share buy-back has taken place as at 31 December 2010 and the Company does not expect share buy-back to take place prior to the 34th AGM.

3. OPTIONS, WARRANTS OR CONVERTIBLE SECURITIES

The Company did not issue any options, warrants or convertible securities during the financial year.

4. AMERICAN DEPOSITORY RECEIPT (ADR)/GLOBAL DEPOSITORY RECEIPT (GDR)

The Company did not sponsor any ADR/GDR Programme during the financial year.

5. PENALTY

There was no penalty imposed on the Company for the financial year.

6. VARIATION IN RESULTS

There was no variation between the financial results in the Audited Financial Statements 2010 and the audited financial results for the year ended 31 December 2010 announced by the Company on 27 January 2011.

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 2010 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.

Appendix to the Audit Committee Report

The authority and responsibilities in accordance with the TOR of the AC are summarised as follows:

1. 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 all employees of the Group are required to comply with requests made by the AC; 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.

2. The AC's responsibilities include the following:

a. Financial Reporting Review

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. External Audit

- Reviewing the External Auditors' audit plan, scope of their audits and audit reports and recommending the appointment of the External Auditors and audit fees.
- Reviewing any letters of resignation from the External Auditors or suggestions for their dismissal.
- Determining whether there is reason (supported by grounds) to believe that the External Auditors is not suitable for reappointment.

c. Internal Audit

- 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.
- 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.
- Reviewing the appraisal or assessment of the performance of members of the IA function which is headed by the CIA 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.
- 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.

d. Internal Control

- Reviewing the annual Internal Control Statement.
- Assessing processes and procedures for the purpose of compliance with all laws, regulations and rules, directives and guidelines established by the relevant regulatory bodies.

e. Related Party Transactions

- 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.

f. Verification of Allocation of Options or Shares

- Verifying the allocation of options pursuant to the ESOS or the allocation of shares pursuant to any incentive plan for employees of the Group at the end of each FY as being in compliance with the criteria which are disclosed to the employees.

g. Other Matters

- Where the AC is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the MMLR of Bursa Malaysia Securities, the AC must promptly report such matter to the SC.
- Carrying out any other functions that may be mutually agreed upon by the AC and the Board.

Abbreviations

A

AA	Company's Articles of Association
AC	Audit Committee
ACCA	Association of Chartered Certified Accountants
AFS	Available for Sale
AGM	Annual General Meeting
ALD	Authority Limits Document
AOSEF	Asian & Oceanian Stock Exchanges Federation
APC	Appeals Committee
ASCM	Association of Stockbroking Companies of Malaysia
ASEAN	Association of Southeast Asian Nations

B

BCP	Business Continuity Plan
BEE	Board Effectiveness Evaluation
BIA	Business Impact Analysis
BMD	Bursa Malaysia Derivatives
BNM	Bank Negara Malaysia
Board	Board of Directors
BTD	Bursa Trade Derivatives
BRICs	Brazil, Russia, India and China
BTS	Bursa Trade Securities
Bursa LINK	Bursa Listing Information Network
Bursa Malaysia	Bursa Malaysia Berhad

C

CA	Companies Act 1965
CAR	Capital Adequacy Ratio
CBBC/CBBCs	Callable Bull/Bear Certificate or its plural
CBRC	China Banking Regulatory Commission
CBS	Corporate Balance Scorecard
CBRS	CMDF Bursa Research Scheme
CC	Compensation Committee
CDS	Central Depository System
CEO	Chief Executive Officer
CFA	Chartered Financial Analyst
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
CGF	Clearing Guarantee Fund
CGU/CGUs	Cash Generating Units or its plural
CHRO	Chief Human Resource Officer
CIA	Chief Internal Auditor
CIMBA40	CIMB FTSE ASEAN 40 Malaysia ETF
CIMBC25	CIMB FTSE China 25 ETF
CIO	Chief Information Officer
CIOC	China International Oils and Oilseeds Conference
CMDF	Capital Market Development Fund
CME	CME Group Inc.
CMOO	Chief Market Operations Officer
CMSA	Capital Markets and Services Act 2007
CO^2	Carbon Dioxide
COI	Conflicts of Interest
Company	Bursa Malaysia Berhad
COO	Chief Operating Officer
CPA Australia	Institute of Chartered Accountants of Australia
CPO	Crude Palm Oil
CP/CPs	Clearing Participant or its plural
CRM	Corporate Risk Management
CRO	Chief Regulatory Officer
CSR	Corporate Social Responsibility
CSS	Customer Satisfaction Survey
CUPO	USD Denominated Crude Palm Oil Futures

D

DBT	Direct Business Transaction (in accounts is referred to as Direct Business Trade)
DCF	Derivatives Clearing Fund
D&O	Directors and Officers

E

EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
EPF	Employees Provident Fund
EPS	Earnings Per Share
ERM	Enterprise Risk Management
ESOS	Employees' Share Option Scheme
ETF/ ETFs	Exchange Traded Fund or its plural
ETP	Electronic Trading Platform
EURO	Euro Dollar

F

FBM	FTSE Bursa Malaysia
FBRs	Futures Broker's Representatives
FCPO	Crude Palm Oil Futures
FDI	Foreign Direct Investment
FIA	Futures Industry Association
FIDE	Financial Institutions Directors Education
FKB3	3-Month KL Interbank Offered Rate Futures
FKLI	Kuala Lumpur Composite Index Futures
FOW	Futures & Options World
FRS/FRSs	Financial Reporting Standard or its plural
FVTPL	Fair Value Through Profit or Loss
FY	Financial Year

G

GBP	Sterling Pound
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
GHG	Greenhouse Gas Emissions
GHR	Group Human Resources
GLC/GLCs	Government Linked Company or its plural
GLICs	Government-linked Investment Companies
Group	Bursa Malaysia Berhad and its group of companies

H

Hons	Honours
HR	Human Resources
HTM	Held To Maturity

I

IA	Internal Audit
IAC	Investment Advisory Committee (dissolved on 4 February 2009)
IIF	Institute of International Finance
IM 2010	Invest Malaysia 2010
IPO/IPOs	Initial Public Offering or its plural
IR	Investor Relations
IRGR	Investor Relations Global Ranking
IS	Information System
ISS	Institutional Settlement Services
IT	Information Technology

J

JPY	Japanese Yen

K

KLCI	Kuala Lumpur Composite Index
KPI/KPIs	Key Performance Indicator or its plural

L

LC	Listing Committee
LFX	Labuan International Financial Exchange
LR	Listing Requirements of Bursa Malaysia Securities Berhad

M

MAICSA	Malaysian Institute of Chartered Secretaries and Administrators
MIA	Malaysian Institute of Accountants
MIDA	Malaysian Industrial Development Authority
MIFC	Malaysia International Islamic Financial Centre
MMLR	Main Market Listing Requirements
MOF	Ministry of Finance
MOF Inc	Minister of Finance, Incorporated
MOSTI	Ministry of Science, Technology and Innovation
MPC	Market Participants Committee (established on 12 May 2008)
MSWG	Minority Shareholder Watchdog Group

N

NACRA	The National Annual Corporate Report Awards
NED/NEDs	Non-Executive Director or its plural
NRC	Nomination and Remuneration Committee
NYSE	New York Stock Exchange

O

OC	Option Committee
OMS	Order Management System
OMT	On Market Transactions
OPR	Overnight Policy Rate

P

PDT/PDTs	Proprietary Day Trader or its plural
PEMANDU	Performance Management and Delivery Unit
PID/PIDs	Public Interest Director or its plural
PLC/PLCs	Public Listed Company or its plural
POC 2010	21st Annual Palm & Lauric Oils Conference and Exhibition

Q

QDII	Qualified Domestic Institutional Investor

R

REIT/REITs	Real Estate Investment Trusts or its plural
RM	Ringgit Malaysia
RMC	Risk Management Committee
ROD	Record of Depositors
ROE	Return on Equity
RWCR	Risk Weighted Capital Ratio

Abbreviations

S

SBL	Securities Borrowing and Lending
SBLNT	Securities Borrowing and Lending Negotiated Transaction
SC	Securities Commission
SDN BHD	Sendirian Berhad
SGD	Singapore Dollar
STF	Special Task Force
SIRIM	Standards and Industrial Research Institute of Malaysia

T

TCP/TCPs	Trading Clearing Participant or its plural
TOR/TORs	Terms of Reference or its plural
TP/TPs	Trading Participant or its plural

U

UK	United Kingdom
UMA	Unusual Market Activity
US	United States
USD	United States Dollar

W

WAEP	Weighted average exercise prices

Y

YCM	Young Corporate Malaysians

List of Bursa Malaysia Subsidiaries

Bursa Malaysia Bonds	Bursa Malaysia Bonds Sdn. Bhd.
Bursa Malaysia Depository	Bursa Malaysia Depository Sdn. Bhd.
Bursa Malaysia Depository Nominees	Bursa Malaysia Depository Nominees Sdn. Bhd.
Bursa Malaysia Derivatives	Bursa Malaysia Derivatives Berhad
Bursa Malaysia Derivatives Clearing	Bursa Malaysia Derivatives Clearing Berhad
Bursa Malaysia Information	Bursa Malaysia Information Sdn. Bhd.
Bursa Malaysia Islamic Services	Bursa Malaysia Islamic Services Sdn. Bhd.
Bursa Malaysia Securities	Bursa Malaysia Securities Berhad
Bursa Malaysia Securities Clearing	Bursa Malaysia Securities Clearing Sdn. Bhd.
LFX	Labuan International Financial Exchange