

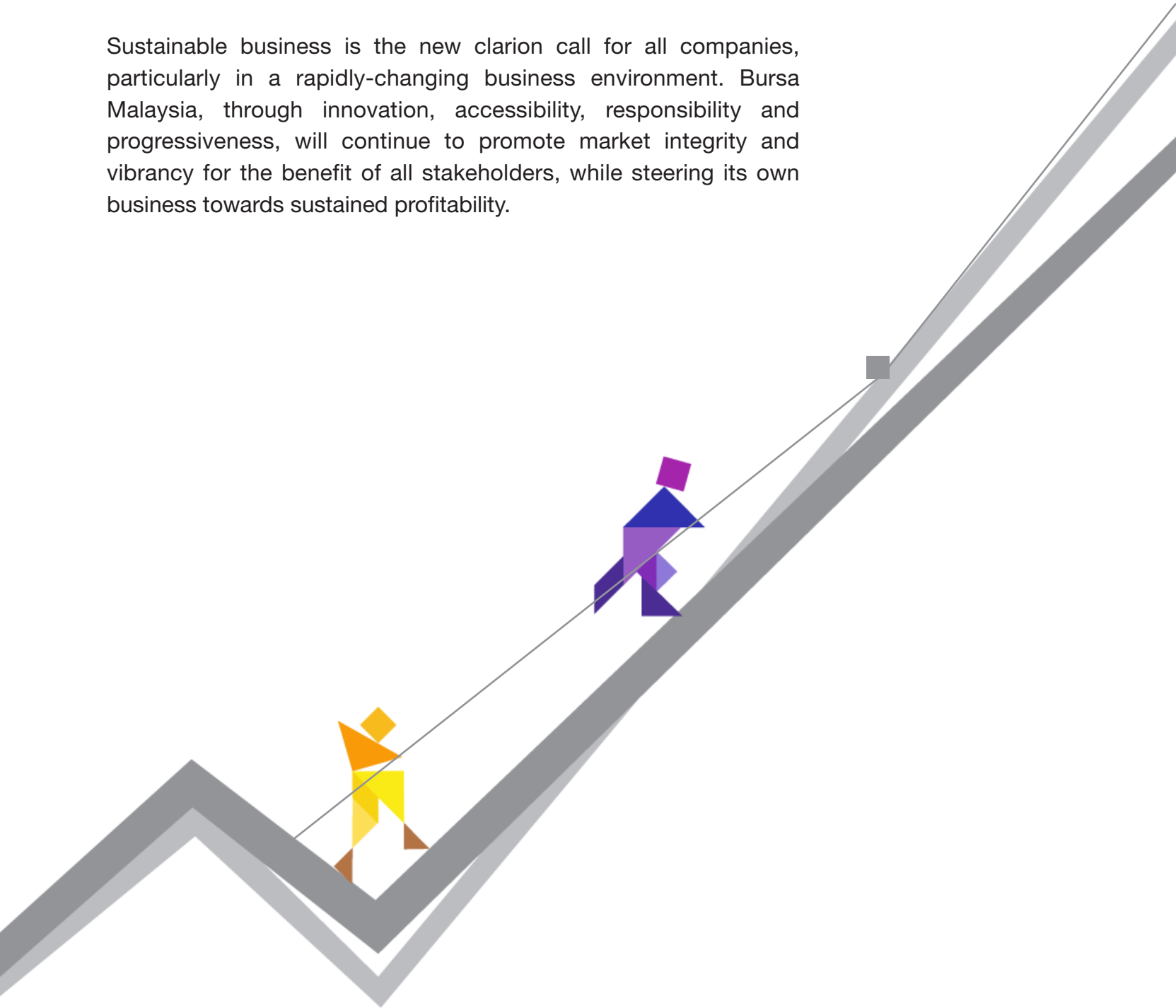
SHAPING A SUSTAINABLE FUTURE



annual report
2011

SHAPING A SUSTAINABLE FUTURE

Sustainable business is the new clarion call for all companies, particularly in a rapidly-changing business environment. Bursa Malaysia, through innovation, accessibility, responsibility and progressiveness, will continue to promote market integrity and vibrancy for the benefit of all stakeholders, while steering its own business towards sustained profitability.



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.



The Tangram

The tangram is a simple yet challenging puzzle that will test your intelligence. It consists of seven pieces made up of five triangles of varying sizes, a square and a parallelogram. The objective is to use all seven pieces to form specific shapes, for which only outlines or silhouettes are given as a guide. By developing as many shapes as possible, you can transform the seven separate pieces into whole new singular patterns.

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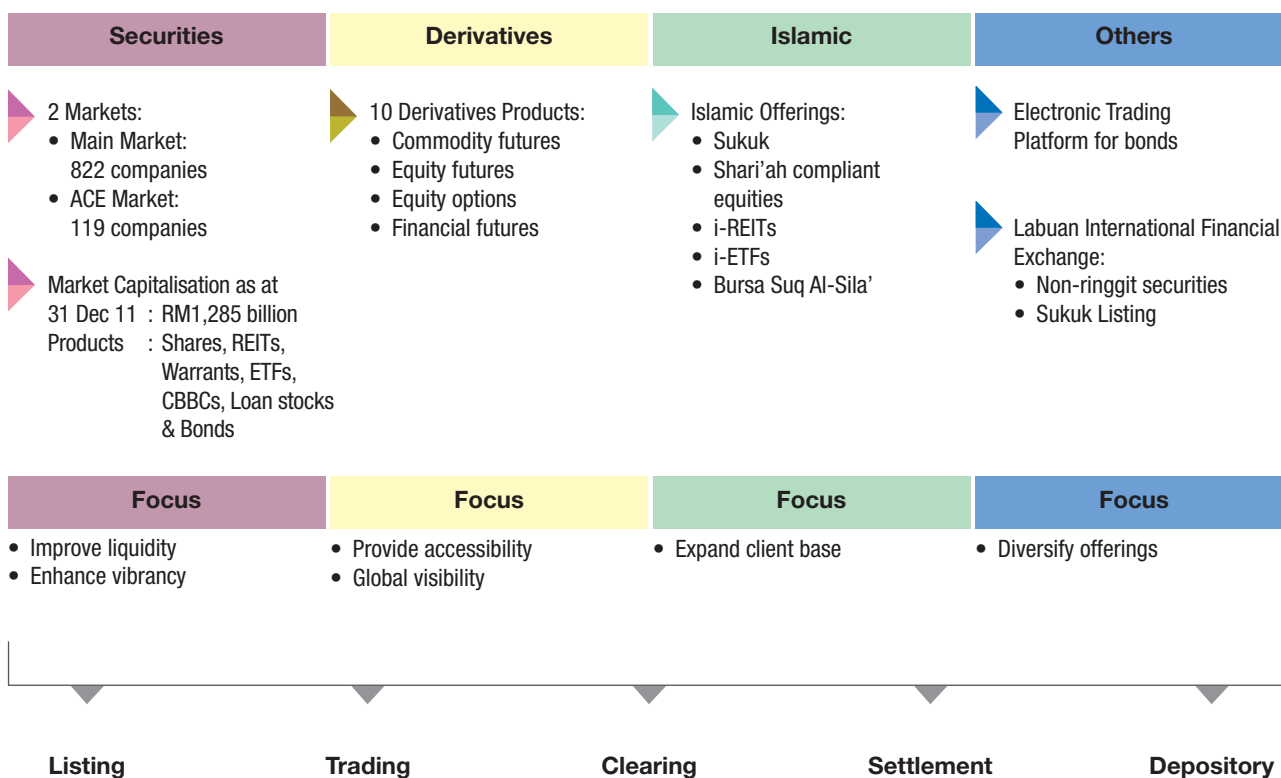


BURSA MALAYSIA AT A GLANCE

Our STRATEGY

We endeavour to revitalise our markets by leveraging on our strengths. In doing so, we focus on continuous improvements and innovations to take the Malaysian Capital Market to new heights. All of these will translate into the creation of shareholders' value in the long term.

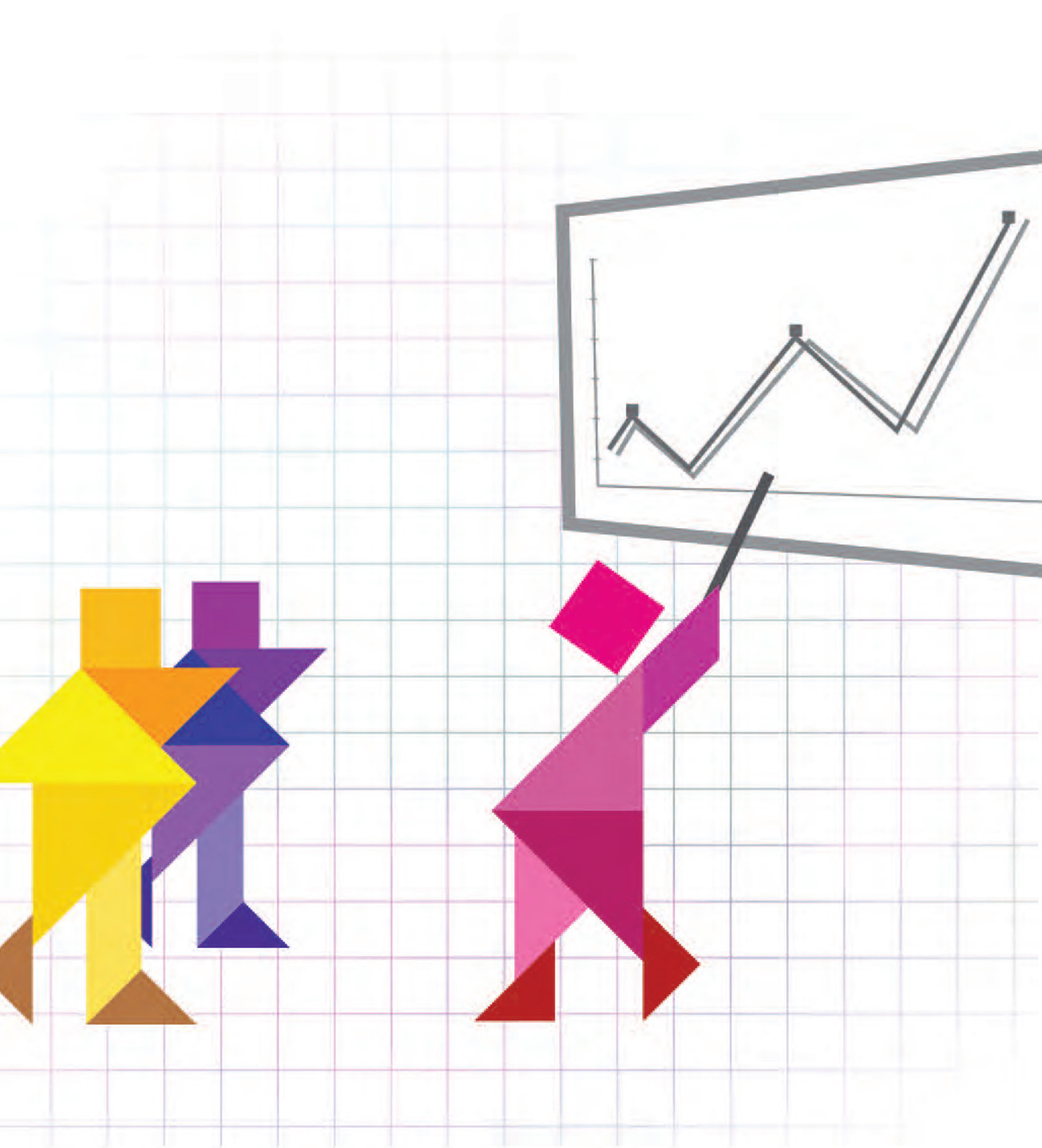
Integrated Exchange



We believe in being **responsible**

As a leading Exchange, we take our responsibilities to our various stakeholders seriously and thereby continually review our market and operational framework as well as benchmark our services against international best practices.





Business Highlights for 2011

▶ 08 Apr

Bursa Malaysia is part of a group of seven exchanges to launch the Asean Brand Identity, Asean Exchanges Website and Asean Stars.

▶ 08 Jul

FBM KLCI hits all-time high of 1,594.74.

▶ 30 Nov

Bursa Malaysia Derivatives introduces negotiated large trade facility.

▶ 18 Apr

Day Order replaces Session Order for increased efficiency.

▶ 22 Sep

Launch of Corporate Disclosure Guide and amendments to Listing Requirements for higher standards of corporate disclosure.

▶ 31 Dec

Total trading volume on Bursa Malaysia Derivatives reaches 31-year historic high.

▶ 20 June

FTSE promotes Malaysia to Advanced Emerging Market from Secondary Emerging Market in the FTSE Global Equity Index Series.

▶ 03 Oct

Bursa Malaysia and FTSE introduce new sector indices and refine ground rules on free float.

▶ 2011 Jun-Dec

Fast track dual licensing which facilitates the admission of additional licencees to enhance distribution channels and accessibility of Derivatives offerings.

▶ 28 June

U.S. Commodity Futures Trading Commission allows U.S.-based persons to buy or sell Bursa Malaysia Derivatives' Kuala Lumpur Composite Index Futures Contracts (FKLI).

▶ 29 Nov

Launch of Practical Guide to Listing to assist aspiring companies in getting listed on Bursa Malaysia.

▶ 2011 Jan-Dec

Number of proprietary day traders increases to enhance liquidity in the Securities Market.

Financial Highlights for 2011

Operating revenue

 **RM381 million**

(+15%)

2010: RM331 million

Cost to income ratio

 **51%**

(improved 7%)

2010: 55%

PATAMI

 **RM146 million**

(+29%)

2010: RM113 million

EPS

 **28 sen**

(+29%)

2010: 21 sen

ROE

 **17%**

(+28%)

2010: 13%

Dividend per share

 **26 sen**

(+30%)

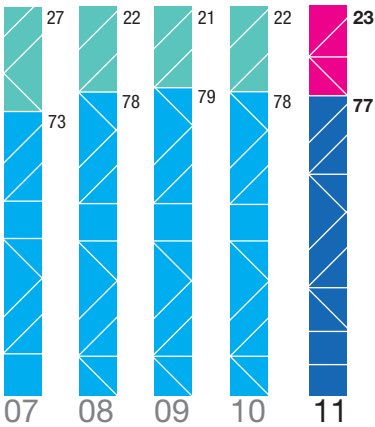
2010: 20 sen

Market Highlights

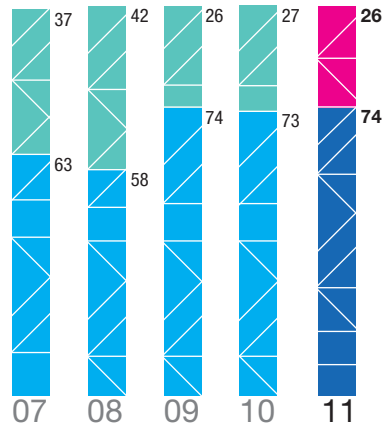
	31 DEC 07	31 DEC 08	31 DEC 09	31 DEC 10	31 DEC 11
Securities Market					
KLCI/FBM KLCI	1,445.03	876.75	1,272.78	1,518.91	1,530.73
Market Capitalisation (RM billion)	1,106	664	999	1,275	1,285
Velocity (%)	53	34	34	33	33
Average Daily Volume – OMT & DBT (million shares)	1,548	631	1,000	1,021	1,344
Average Daily Volume – OMT (million shares)	1,457	576	945	953	1,288
Average Daily Value – OMT & DBT (RM million)	2,346	1,278	1,221	1,574	1,788
Average Daily Value – OMT (RM million)	2,179	1,181	1,129	1,454	1,699
Total Trading Volume – OMT & DBT (billion shares)	384	154	248	253	329
Total Trading Value – OMT & DBT (RM billion)	582	313	303	390	438
Total Funds Raised (RM billion)	10.6	6.1	27.8	33.0	15.0
New Listings – IPOs (including REITs)	26	23	14	29	28
New Listings – ETFs	1	1	0	2	0
New Listings – Structured Warrants	154	81	124	204	363
No. of ISS Instructions Cleared and Settled ('000)	444	389	326	369	493
No. of PLCs	987	977	960	957	941
No. of Listed REITs	13	13	12	14	15
No. of Listed ETFs	2	3	3	5	5
No. of Listed Structured Warrants	120	48	137	225	304
No. of Rights & Bonus Issues	137	132	52	77	61
No. of New CDS Accounts	190,864	157,687	161,100	157,911	164,110
Total CDS Accounts (million)	3.8	3.9	4.0	4.1	4.2
No. of Trading Days	248	245	248	248	245
No. of Participating Organisations of Bursa Malaysia Securities	34	34	34	35	35
Derivatives Market					
Open Interest	125,051	155,560	123,141	132,151	152,419
No. of Contracts Traded:					
• Crude Palm Oil Futures (million)	2.8	3.0	4.0	4.1	5.9
• KLCI Futures (million)	3.2	2.9	2.0	2.0	2.5
• 3-Month KLIBOR Futures	239,314	195,193	126,690	95,477	92,775
Daily Average No. of Contracts Traded	25,011	24,878	24,749	24,818	34,474
Total Contracts Traded (million)	6.2	6.1	6.1	6.2	8.4
No. of Trading Participants of Bursa Malaysia Derivatives	17	20	19	20	20
Islamic Market					
No. of Sukuk Listings on Bursa Malaysia Securities*	–	–	12	19	19
Value of Sukuk Listings (USD billion)	–	–	17.6	27.7	28.5
% of Shari'ah Compliant (by number of companies):					
• PLCs	86	87	88	88	89
% of Shari'ah Compliant (by market capitalisation):					
• PLCs	64	64	64	63	63
• ETFs	–	49	56	51	40
• REITs	26	30	35	22	18
Bursa Suq Al-Sila'^:					
• Daily Average Value Commodity Traded (RM million)	–	–	69.6	351.0	1,218.6
• Total Value Commodity Traded (RM million)	–	–	6,472.3	90,219.0	298,551.0
• Total no. of Matched Contracts	–	–	370	2,273	9,106
• No. of Trading Days	–	–	93	257	245
• No. of Trading Participants	–	–	16	33	55

* Sukuk listing was introduced in December 2008

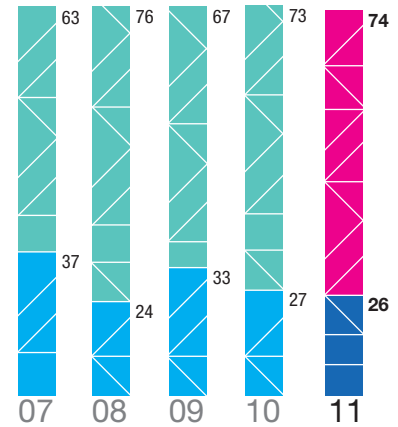
^ Bursa Suq Al-Sila' was launched in August 2009



Share Ownership
Domestic vs. Foreign (%)



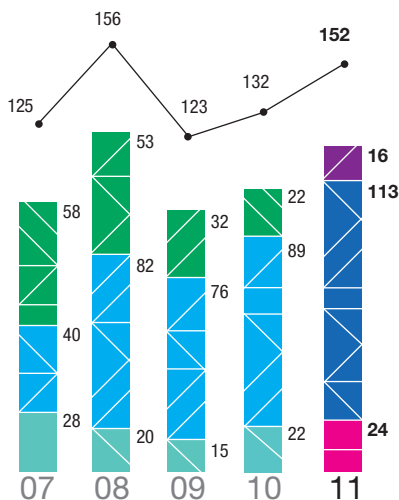
Market Demography by Trading Value
Domestic vs. Foreign (%)



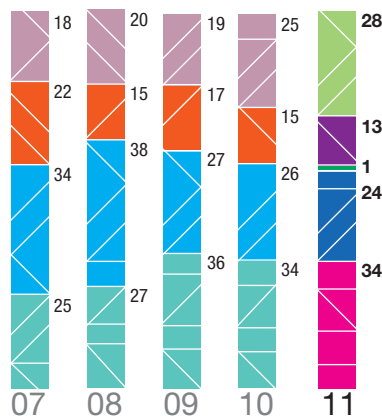
Market Demography by Trading Value
Retail vs. Institution (%)



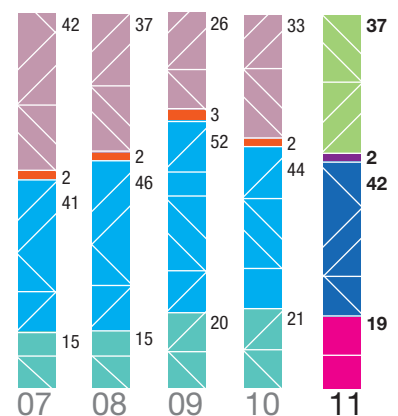
Derivatives Market



Open Interest ('000)



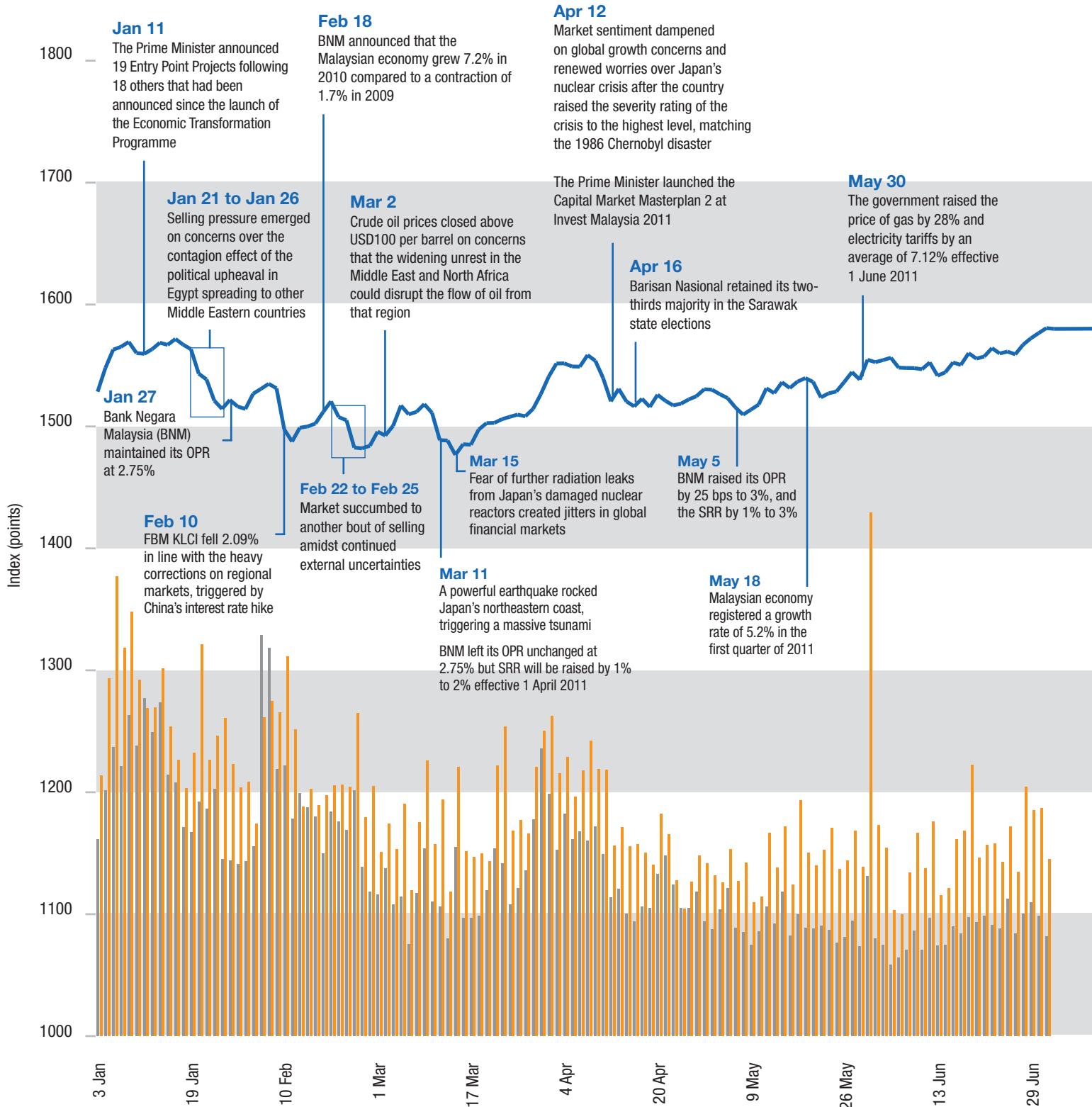
Trading Demography of FCPO Contract (%)



Trading Demography of FKLI Contract (%)



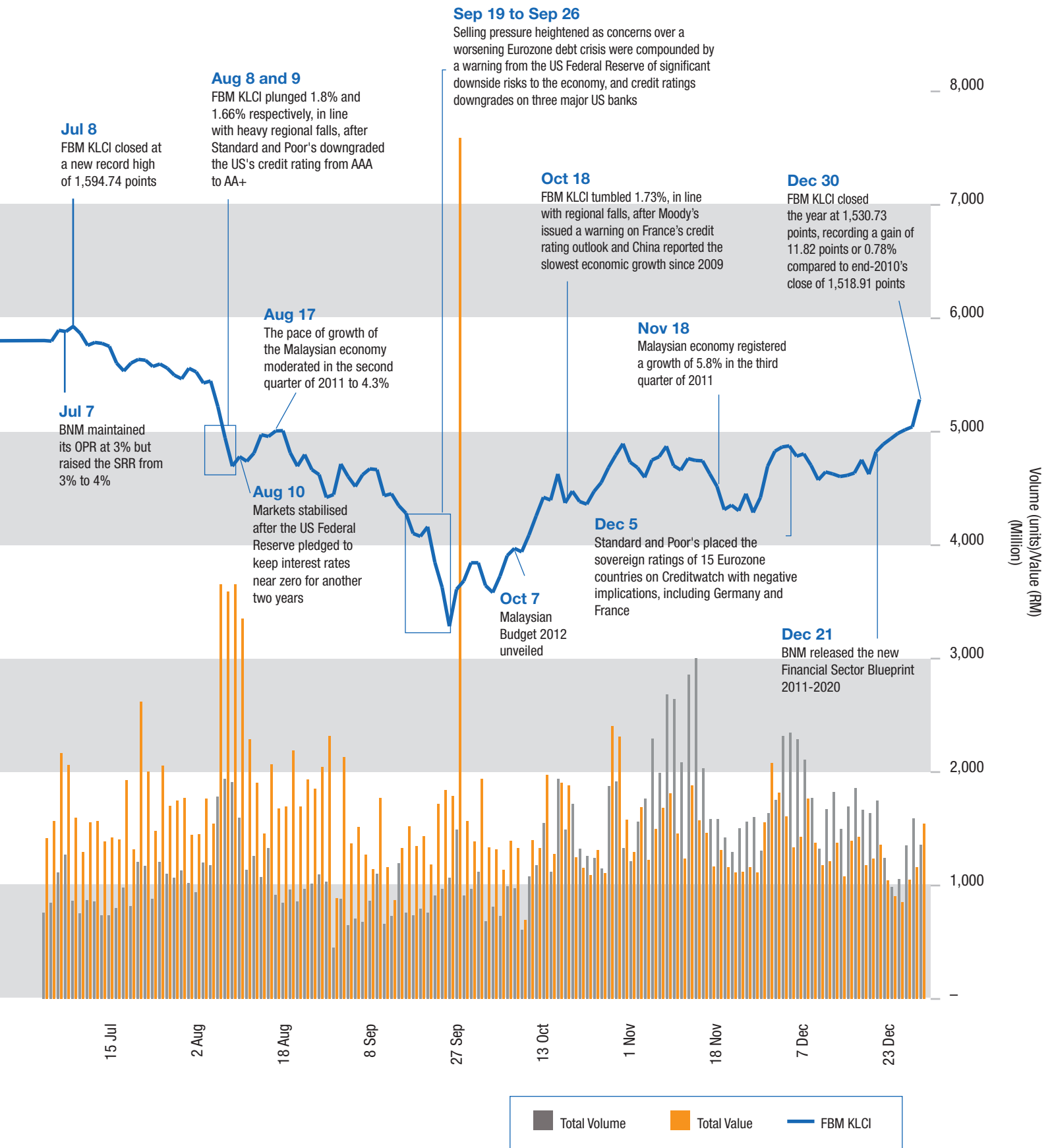
Market Performance



Note:

Both Total Volume and Total Value include odd lot and direct business transactions.

On 27 September 2011, total value surged to RM7.6 billion, contributed mainly by a single direct business transaction valued at RM5.9 billion.



Chairman's Message

Dear Shareholders,

I am delighted to present the Annual Report of Bursa Malaysia Berhad for the year ended 31 December 2011.

Malaysia has earned recognition as an advanced emerging market from the FTSE while China has given its seal of approval to Malaysia as an approved investment destination for institutional investors. The World Bank has ranked us 4th globally for Investor Protection, while the World Economic Forum Global Competitive Index 2011-2012 positions us as the second most competitive nation in the ASEAN region. Indeed, global recognition is an essential prerequisite to the success of any vibrant market.



Tun Mohamed Dzaiddin bin Haji Abdullah
Chairman



Bursa Malaysia continued to build on foundations set in place in the previous year, for continuity is the bedrock of sustainability and progress. One of these building blocks was internationalisation of Malaysia's capital market and we have seen the fruits of our efforts in greater recognition of our status, relevance and efficiency. Today, we have 941 companies listed on our Exchange, representing a wide range of businesses with attractive dividend yields.

The year was significant for us for two reasons. First, it marked the beginning of a new leadership, with the appointment of a new Chief Executive Officer to steer Bursa Malaysia towards becoming a vibrant and competitive Exchange in the region. Second, it was a good year in terms of financial performance and progress on a variety of fronts.



MARKET & FINANCIAL REVIEW

In 2011, Bursa Malaysia delivered a set of positive financial results, with operating revenues showing a 15% growth over the previous year to RM381.3 million, and Profit After Tax and Minority Interest (PATAMI) registering a healthy 29% growth over 2010 to RM146.2 million. Your Company delivered its highest-ever normalised operating profits in the last four years, while managing operating expenses effectively.

The key driver of growth was the Securities Market where trading revenue appreciated 15% over last year, contributing RM193 million to total revenues. These results are mainly a reflection of an increase in Securities trading activity, evident in average daily values which grew 14% over 2010.

Our Derivatives Market enjoyed record trading levels in 2011. Derivatives trading grew 36% to achieve a turnover of RM51.2 million. Our indicators showed 39% growth was achieved in the average daily contracts traded over 2010, whereby foreign trading grew a hefty 59% and domestic trading 31%.

On the Islamic Market, active promotion of Bursa Malaysia as an international Islamic fund-raising centre as well as marketplace for Islamic investment products was evident through Bursa Suq Al-Sila' and Sukuk Listings. A total of 19 Sukuk programmes by 17 issuers totalling USD28.5 billion were listed during the year.

Chairman's Message

DIVIDENDS

The Board has proposed a high dividend payout as part of our commitment to deliver shareholder value, with the total dividends declared in 2011 amounting to 26 sen. This is equivalent to a 95% payout, surpassing our dividend payout policy of 75%.

STRIVING FOR GROWTH

In the past few years, our industry leadership has been visible in the revitalisation of the market, promotion of market integrity and drive for greater efficiency and good governance. We began 2011 with a number of strategic initiatives to deepen and broaden our various market and product offerings. Across our markets, we took measures to expand our foreign and domestic investor base, aim for greater diversity, improve market access, innovate and create products and raise awareness of our services. I am pleased to report that these priorities produced measurable outcomes as reflected in positive quarterly results throughout the year.

We also worked on initiatives to uphold and embed the principles of good governance, transparency and sustainability for ourselves as well as for the industry. We produced a guide on Corporate Disclosure to issuers and PLCs to remind them of their disclosure obligations under the Listing Requirements and to help raise the quality and timeliness of disclosures to the market. We also introduced a special Practical Guide to Listing on Bursa Malaysia to assist companies in their evolution towards becoming PLCs in their own right.

OPERATIONAL & CORPORATE DEVELOPMENTS

In line with our continuing goal to make the offerings on Bursa Malaysia more accessible to the global investment community, we successfully migrated our Derivatives products onto the CME Globex® electronic trading platform as reported last year, a move which increased our global exposure. Recognising that connectivity is crucial to our growth, we became a regional exchange-partner through our collaboration with seven stock exchanges in the ASEAN Exchanges in 2011. This will ensure a freer flow of capital within the ASEAN family, help create a robust ASEAN trading marketplace, as well as leverage ASEAN linkages into a connected global entity of exchanges.

Another important development during the year which augurs well for our international rankings was that Malaysia's market weightage across the Morgan Stanley Capital International (MSCI) indices increased during the year, in particular, the MSCI Emerging Market Index which appreciated from 2.9% previously to 3.2%.

CORPORATE GOVERNANCE

Our Corporate Governance Statement contained in this Report sets out fully Bursa Malaysia's commitment to keep the corporate conscience alive at all times, and is the product of the Board's continuing reflection and review. In 2011, the Board adopted a nine-year policy for Independent Directors which would become fully operational from 2013, the ninth year after the appointment of the first batch of Independent Directors of the demutualised Bursa Malaysia in April 2004. The main objective of the policy is to enable progressive refreshing of the Board.

In January 2011, the Board further created the position of a Senior Independent Director (SID) for Bursa Malaysia, to serve as a point of contact for investors and shareholders when the regular channels of communication prove inadequate. The appointment is for a term of one year. The SID is also responsible to receive reports from employees or third parties for the purpose of whistleblowing in accordance with our Whistleblower Policy and Procedures. Accordingly, the Board appointed Dato' Dr. Thillainathan Ramasamy and Mr Cheah Tek Kuang as Senior Independent Directors for 2011 and 2012 respectively.

GOING FORWARD

From 2011 into the next three years, we have identified five strategic thrusts which will guide us towards our goal to become a competitive and vibrant market. The primary focus will be on expanding the Securities, Derivatives and Islamic Markets and we will invest in the key enablers including a sound regulatory framework, appropriate technologies and our talent pool. Both medium and long-term priorities have been mapped out.

While we take some pride in our achievements in 2011, we remain committed to the stability and quality of the market and sustainability of our business. A volatile global economic environment notwithstanding, we at Bursa Malaysia Berhad remain optimistic for Malaysia's economic outlook, given the clear catalysts for growth via the Government's Transformation Programmes which aim to generate a high-income economy through wealth creation.

ACKNOWLEDGEMENTS

I wish to thank my fellow Board members for their guidance during the year under review and also to record the contributions from the management team and the entire staff of Bursa Malaysia Berhad towards our drive for growth and sustainability. We are committed to improving on our performance in 2012, barring any unforeseen circumstances in the global operating environment.

Tun Mohamed Dzaidin bin Haji Abdullah

Chairman

We remain accessible

Bursa Malaysia continues to open its markets to investors everywhere through the provision of a quality trading environment, improved access through technological enhancements, expansion of our reach through strategic partnerships in and outside the region – all of which have resulted in our growing attractiveness as an integrated Exchange.





Board of Directors



From left to right:

- Tun Mohamed Dzaiddin bin Haji Abdullah
- Dato' Tajuddin bin Atan
- Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
- Dato' Dr. Thillainathan a/l Ramasamy
- Datuk Dr. Md Tap bin Salleh
- Datin Paduka Siti Sa'diah binti Sheikh Bakir
- Izham bin Yusoff
- Dato' Wong Puan Wah @ Wong Sulong
- Cheah Tek Kuang
- Dato' Saiful Bahri bin Zainuddin
- Ong Leong Huat @ Wong Joo Hwa
- Tan Sri Datuk Dr. Abdul Samad bin Haji Alias
- Datuk Puteh Rukiah binti Abd Majid



Board of Directors' Profile



Tun Mohamed Dzaidin bin Haji Abdullah

*Chairman, Non-Executive Director and Public Interest Director**

Malaysian aged	74
Date of Appointment	1 March 2004
Length of Service <i>(as at 29 February 2012)</i>	8 years
Academic / Professional Qualification(s)	<ul style="list-style-type: none"> • Barrister of the Middle Temple, England • Advocate & Solicitor of the High Court of Malaya • Singapore Institute of Arbitrators (<i>Fellow</i>)
Present Directorship(s)	<ul style="list-style-type: none"> • Deutsche Bank (Malaysia) Berhad (<i>Chairman</i>)
	Other PLC(s): Nil
Present Appointment(s)	<ul style="list-style-type: none"> • Legal Consultant, Skrine • Tun Mohamed Suffian Foundation of Malaysia (<i>Chairman</i>)
Past Directorship(s) and/or Appointment(s)	<ul style="list-style-type: none"> • Chairman, Royal Commission to enhance Operation and Management of the Royal Malaysia Police (2004-2005) • 9th Chief Justice of Malaysia (2000-2003) • President, ASEAN Law Association (1995-2003) • Judge in the High Court, Supreme Court and Federal Court (1982-2000) • Vice President, Malaysian Bar (1982-1983)

* appointed by the Minister of Finance pursuant to Section 10 of the Capital Markets and Services Act 2007.



Dato' Tajuddin bin Atan

CEO, Non-Independent Executive Director

Malaysian aged	52
Date of Appointment	1 April 2011
Length of Service <i>(as at 29 February 2012)</i>	11 months
Duration of Previous Appointment as Non-Executive Director and Public Interest Director	14 July 2008 - 31 March 2011
Date of Last Re-election	14 April 2011
Academic / Professional Qualification(s)	<ul style="list-style-type: none"> • Bachelor of Science (Agribusiness), Universiti Putra Malaysia • Master of Business Administration, University of Ohio
Present Directorship(s)	<ul style="list-style-type: none"> • Bursa Malaysia subsidiary companies • Board of Governors of Yayasan Bursa Malaysia (<i>Chairman</i>) • Board Member, Capital Market Development Fund • Board Member, Securities Industry Development Corporation <p>Other PLC(s): Nil</p>
Present Appointment(s)	<ul style="list-style-type: none"> • Member, Executive Committee of Malaysia International Islamic Financial Centre • Member, Financial Reporting Foundation • Member, SME Corp Malaysia • Adjunct Professor, Faculty of Economics and Management of Universiti Putra Malaysia
Past Directorship(s) and/or Appointment(s)	<ul style="list-style-type: none"> • Managing Director, RHB Bank Berhad and Group Managing Director, RHB Capital Berhad (2009-2011) • President/Group Managing Director, Bank Pembangunan Malaysia Berhad (2007-2009) • CEO, Bank Simpanan Nasional (2004-2007) • Managing Director, Chase Perdana Berhad (2001-2004)

Board of Directors' Profile



Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
*Non-Executive Director and Public Interest Director**

Malaysian aged 65

Date of Appointment 5 August 2010

Length of Service
(as at 29 February 2012) 1 year 7 months

**Academic/
 Professional
 Qualification(s)**

- Bachelor of Arts (Hon) and Bachelor of Jurisprudence (Hon), University of Malaya
- Master of Business Administration, University of Massachusetts, USA
- Masters of Law (Corporate Law), Universiti Teknologi MARA
- PhD (Business Management), Virginia Polytechnic Institute and State University, USA
- Certificate in Legal Practice (Malaysian Professional Legal Board)
- Chartered Institute of Arbitration, United Kingdom *(Member)*

**Present
 Directorship(s)**

- CIMB Islamic Bank Berhad *(Chairman)*
- CIMB Bank Berhad
- CIMB Group Berhad
- ACR ReTakaful SEA Berhad

Other PLC(s):

- CIMB Group Holdings Berhad
- BSL Corporation Berhad
- Euro Holdings Berhad
- Solution Engineering Holdings Berhad

**Past Directorship(s)
 and/or Appointment(s)**

- Secretary-General, Ministry of Human Resources (2003)
- Secretary (Tax Division), and Deputy Secretary-General (Operations), both of Ministry of Finance (1997-2003)
- Executive Director, Asian Development Bank, Manila, Philippines (1993-1997)



Dato' Dr. Thillainathan a/I Ramasamy
Independent Non-Executive Director

Malaysian aged 67

Date of Appointment 10 April 2004

Length of Service
(as at 29 February 2012) 7 years 10 months

**Date of Last
 Re-election** 14 April 2011

**Academic/
 Professional
 Qualification(s)**

- Bachelor of Arts, University of Malaya
- Master and Doctorate of Economics, London School of Economics, United Kingdom

**Present
 Directorship(s)**

- Allianz General Insurance Company (Malaysia) Berhad
- Allianz Life Insurance Malaysia Berhad
- The Bank of Nova Scotia Berhad

Other PLC(s):

- Genting Berhad
- Petronas Dagangan Berhad
- Allianz Malaysia Berhad

**Present
 Appointment(s)**

- Member, Working Group of Economic Council

**Past Directorship(s)
 and/or Appointment(s)**

- Chief Operating Officer/Executive Director, Genting Berhad (2002-2007)
- Associate Professor, University of Malaya (1977-1979)

* *appointed by the Minister of Finance pursuant to Section 10 of the Capital Markets and Services Act 2007.*



Datuk Dr. Md Tap bin Salleh

*Non-Executive Director and Public Interest Director**

Malaysian aged 62

Date of Appointment 1 April 2010

Length of Service
(as at 29 February 2012) 1 year 11 months

**Academic/
Professional
Qualification(s)**

- Bachelor of Arts (Hon), Monash University, Australia
- Master of Science (Social Planning), University of Wales, United Kingdom
- PhD (Development Planning), University of Bath, United Kingdom

**Present
Directorship(s)** **Other PLC(s):** Nil

**Present
Appointment(s)**

- President, Malaysian Institute of Integrity
- Adjunct Professor, College of Local Government and International Studies, Universiti Utara Malaysia
- Industry Advisor, Faculty of Science, Technology and Human Resource Development, University Tun Hussein Onn, Malaysia

**Past Directorship(s)
and/or Appointment(s)**

- Secretary-General, Ministry of Rural & Regional Development (2004-2006)
- Deputy Secretary-General, Ministry of Tourism, Malaysia (2003-2004)
- Deputy Director, Governance & Institution Development, Commonwealth Secretariat in London (1996-2002)



Datin Paduka Siti Sa'diah binti Sheikh Bakir

Independent Non-Executive Director

Malaysian aged 59

Date of Appointment 10 April 2004

Length of Service
(as at 29 February 2012) 7 years 10 months

**Date of Last
Re-election** 2 April 2009

**Academic/
Professional
Qualification(s)**

- Bachelor of Economics, University of Malaya
- Master of Business Administration, University of Reading, United Kingdom

**Present
Directorship(s)**

- Waqaf An-Nur Corporation Berhad

Other PLC(s):

- KPJ Healthcare Berhad (*Managing Director*)
- Kulim (Malaysia) Berhad
- KFC Holdings (Malaysia) Berhad
- QSR Brands Bhd

**Present
Appointment(s)**

- President, Malaysian Society for Quality in Health

**Past Directorship(s)
and/or Appointment(s)**

- Board member, Malaysia External Trade Development Corporation (1999-2010)
- Chief Executive, Kumpulan Perubatan (Johor) Sdn Bhd (1989-1994)

* appointed by the Minister of Finance pursuant to Section 10 of the Capital Markets and Services Act 2007.

Board of Directors' Profile



Izham bin Yusoff
Independent Non-Executive Director

Malaysian aged 44

Date of Appointment 10 April 2004

Length of Service
(as at 29 February 2012) 7 years 10 months

Date of Last Re-election 14 April 2011

Academic/ Professional Qualifications

- Bachelor of Accounting, University of Miami, USA
- Master of Business Administration (Accounting & International Business), University of Miami, USA
- Institute of Internal Auditors Malaysia (*Associate Member*)

Present Directorship(s)

- Percetakan Nasional Malaysia Berhad (*Managing Director*)
- Intra Oil Services Berhad
- Axis Incorporation Berhad
- AKN Technology Bhd
- Malaysian Alliance of Corporate Directors (*Board Member*)

Other PLC(s): Nil

Past Appointment(s) and/or Directorship(s)

- Director, Satang Holdings Berhad (2008-2010)
- Chief Operating Officer/Executive Director, Ninebio Sdn Bhd (2007-2010)
- Chief Executive Officer, KUB Malaysia Berhad (2004-2007)
- Managing Director, Amanah Raya Berhad (2002-2004)



Dato' Wong Puan Wah @ Wong Sulong
Independent Non-Executive Director

Malaysian aged 64

Date of Appointment 1 December 2006

Length of Service
(as at 29 February 2012) 5 years 3 months

Date of Last Re-election 14 April 2011

Academic/ Professional Qualifications

- Bachelor of Science (Hon) in Economics, University of London

Present Directorship(s)

- Assunta Hospital (*Vice Chairman*)

Other PLC(s):

- Multi-Purpose Holdings Berhad

Past Appointment(s) and/or Directorship(s)

- Group Chief Editor, The Star (2004-2006)
- Deputy Group Chief Editor cum Business Editor (1996-2003)
- Journalist of New Straits Times, Australian Broadcasting Corporation, and Financial Times of London (1966-1996)



Cheah Tek Kuang
Independent Non-Executive Director

Malaysian aged 64

Date of Appointment 10 April 2004

Length of Service
(as at 29 February 2012) 7 years 10 months

Date of Last Re-election 14 April 2011

Academic/ Professional Qualification(s)

- Bachelor of Economics, University of Malaya
- Institute of Bankers Malaysia (Fellow Member)

Present Directorship(s)

- AmInvestment Bank Berhad
- AmInvestment Group Berhad
- AmBank (M) Bhd
- AmIslamic Bank Bhd
- AmLife Insurance Bhd
- AMG Insurance Berhad
- AmFamily Takaful Berhad
- Cagamas Holdings Berhad

Other PLC(s):

- AMMB Holdings Berhad (Managing Director)

Present Appointment(s)

- Alternate Chairman, Malaysian Investment Banking Association
- Council Member, Association of Banks Malaysia
- Member, Investment Panel of Kumpulan Wang Persaraan

Past Directorship(s) and/or Appointment(s)

- CEO and Managing Director, AmMerchant Bank Berhad (1994-2004)



Dato' Saiful Bahri bin Zainuddin
Independent Non-Executive Director

Malaysian aged 50

Date of Appointment 27 June 2008

Length of Service
(as at 29 February 2012) 3 years 8 months

Date of Last Re-election 29 March 2010

Academic/ Professional Qualification(s)

- Bachelor of Science (Economics & Finance), Western Michigan University, USA

Present Directorship(s) Other PLC(s): Nil

Present Appointment(s)

- Head, Stockbroking Division, Affin Investment Bank Berhad
- Director, Securities Industry Dispute Resolution Centre
- Financial Adviser to the State Government of Negeri Sembilan
- Member, SC's Securities Law Consultative Committee
- Member, Board of Trustees for Bumiputera Dealer Representatives Education Fund and Bumiputera Training Fund

Past Directorship(s) and/or Appointment(s)

- Chairman, Association of Stockbroking Companies Malaysia (2006, 2008-2010)
- Executive Director, Affin Holdings Berhad (2009-2010)
- Executive Director and Executive Director Dealing, Rashid Hussain Securities (1992-1999, 2002)
- CEO/Executive Director Dealing, Fima Securities Sdn Bhd (2000-2001)

Board of Directors' Profile



Ong Leong Huat @ Wong Joo Hwa
Independent Non-Executive Director

Malaysian aged 67

Date of Appointment 27 June 2008

Length of Service
(as at 29 February 2012) 3 years 8 months

Date of Last Re-election 29 March 2010

Academic/ Professional Qualification(s)

- Capital Markets Services Representative's Licence

Present Directorship(s)

- OSK Investment Bank Berhad
- OSK Securities (Thailand) Public Company Limited (*Chairman*)
- OSK Holdings Hong Kong Limited (*Chairman*)
- DMG & Partners Securities Pte. Ltd. (*Chairman*)
- KE-ZAN Holdings Berhad

Other PLC(s):

- OSK Holdings Berhad
- OSK Property Holdings Berhad (*Executive Director*)

Past Appointment(s) and/or Directorship(s)

- Group Managing Director/CEO, OSK Investment Bank Berhad (2007-2011)
- Managing Director/CEO, OSK Securities Berhad (1985-2007)
- Member, SC's Capital Market Advisory Council (2004)
- Director, MESDAQ (1999-2002)



Tan Sri Datuk Dr. Abdul Samad bin Haji Alias
Independent Non-Executive Director

Malaysian aged 69

Date of Appointment 7 July 2011

Length of Service
(as at 29 February 2012) 8 months

Date of Last Re-election Nil

Academic/ Professional Qualification(s)

- Bachelor of Commerce, University of Western Australia
- Honorary Doctorate of Philosophy (Accounting), Universiti Utara Malaysia
- Institute of Chartered Accountants, Australia (*Fellow Member*)
- Malaysian Institute of Accountants (MIA) (*Member*)
- Malaysian Institute of Certified Public Accountants (MICPA) (*Member*)

Present Directorship(s)

- Malaysia Venture Capital Management Berhad (*Chairman*)
- Malaysia Debt Venture Berhad (*Chairman*)
- Malaysia Deposit Insurance Corporation (*Chairman*)

Other PLC(s):

- TH Plantations Berhad

Past Appointment(s) and/or Directorship(s)

- Chairman, Bank Pembangunan Malaysia Berhad (2008-2011)
- Non-Executive Chairman, Ernst & Young Malaysia (2005-2008)
- Board Member, International Federation of Accountants (2004-2007)
- President (1999-2001) and Council Member (2002-2007) MICPA
- President, MIA (2000-2005)



Datuk Puteh Rukiah binti Abd Majid
*Non-Executive Director and Public Interest Director**

Malaysian aged 59

Date of Appointment: 27 May 2011

Length of Service
(as at 29 February 2012) 9 months

**Academic/
 Professional
 Qualification(s)**

- Bachelor of Economics (Hon),
 University of Malaya
- Master of Arts (Economics),
 Western Michigan University, USA

**Present
 Directorship(s)**

- Penang Port Holdings Berhad
- Pengurusan Danaharta Nasional Berhad
- Pelaburan Hartanah Berhad
- Gas Malaysia Berhad

Other PLC(s): Nil

**Past Directorship(s)
 and/or Appointment(s)**

- Various senior positions at Treasury,
 Ministry of Finance, the last as
 Deputy Secretary-General
 (System and Control) (2000-2011)
- Principal Assistant Director, Budget Division,
 Ministry of Finance (1992-2000)
- Principal Assistant Director,
 Economic Planning Unit,
 Prime Minister's Department
 (1976-1992)

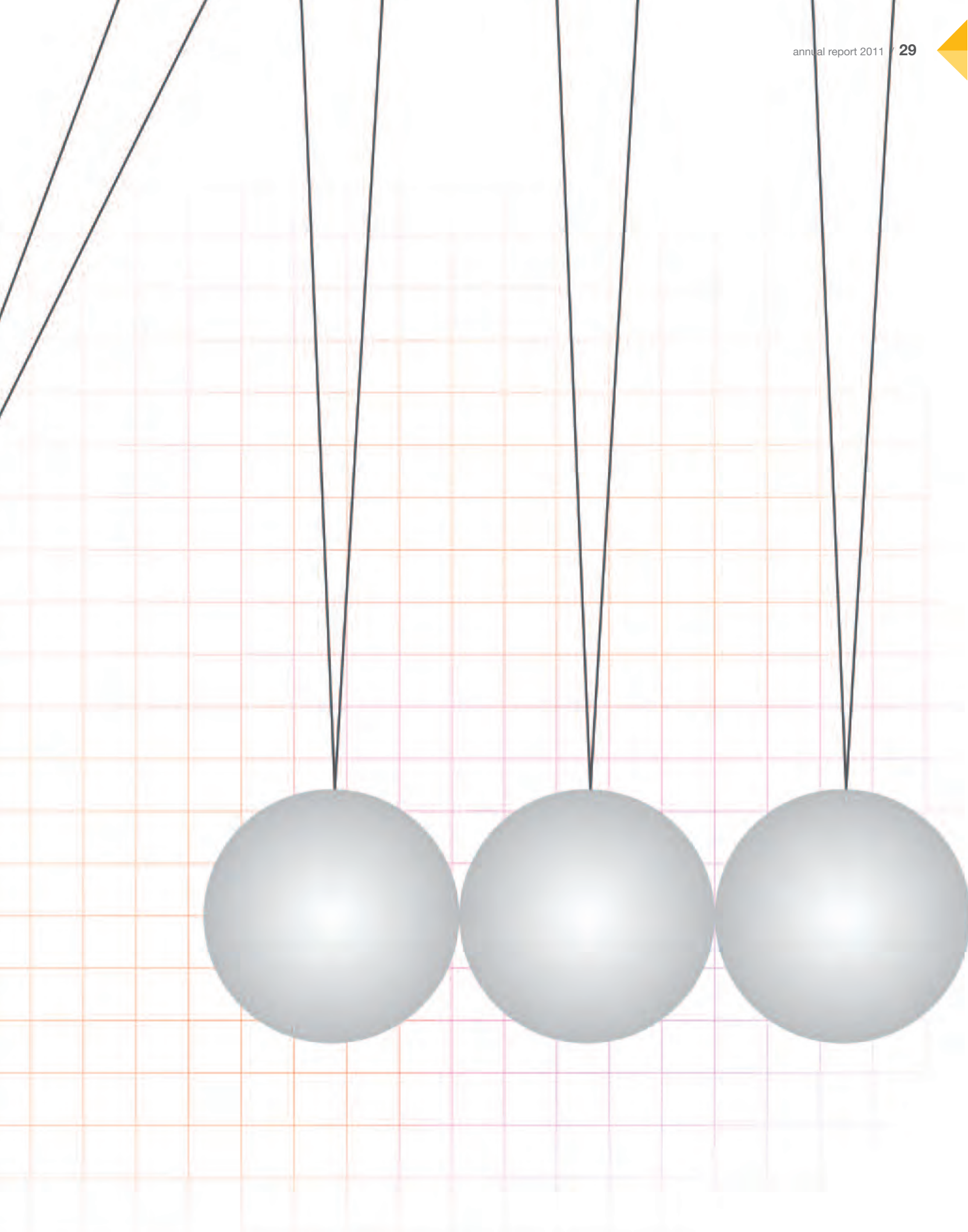
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholder of Bursa Malaysia, have no conflict of interest with Bursa Malaysia and have not been convicted of any offence within the past 10 years.

* appointed by the Minister of Finance pursuant to Section 10 of the Capital Markets and Services Act 2007

We are a **progressive** Exchange

We strive to maintain a balance between market vibrancy and stability, always nurturing the growth of our market participants while increasing our operational efficiencies and remaining focused on meeting the ever-changing needs of the marketplace.





Chief Executive Officer's Message

Sustainable business represents a continuing challenge for all exchanges everywhere, Bursa Malaysia included. In 2011, we renewed our commitment to business sustainability, a matter which grew even more urgent given the many economic, social and political changes in the global environment whose impact was felt throughout Asian capital markets. Through a combination of prudent management, adaptability and innovativeness, we steered our market to stability and helped nurture the growth of PLCs and issuers with initiatives aimed at providing a quality environment for businesses to thrive.

We also took steps to revitalise our core business segments with a keener focus on liquidity and market vibrancy while embracing a transformation strategy to re-align our vision and focus. Thus we laid the foundations in 2011 towards maintaining our global competitiveness and securing a sustainable future for ourselves as an integrated Exchange.



Dato' Tajuddin Bin Atan
Chief Executive Officer





Despite global challenges faced in 2011, markets in Asia emerged fairly resilient, while our own market showed tenacity.



FINANCIAL HIGHLIGHTS

In 2011, Bursa Malaysia Berhad produced commendable results, as evident in a number of key financial indicators. We recorded a 15% improvement in our operating revenue, from RM331.3 million in 2010 to RM381.3 million in 2011. This was a result of strong Securities and Derivatives trading performance brought about by greater foreign and domestic institutional and retail participation in both our markets. Securities trading revenue grew by 15% over the previous year to RM193 million while Derivatives trading revenue registered a significant 36% increase to RM51.2 million.

Adding to the positive impact on our operating revenues were a 13% increase in our information services revenue, totalling RM19.2 million; a 19% growth in access fees due to a restructuring of our various broker charges to RM8.7 million; and a 6% growth in listing fees to RM38.2 million. All other stable revenue comprising depository services, broker services and participant fees came up to RM46.7 million. Stable revenue, in total, grew 5% in 2011 over the previous year. Meanwhile, other operating revenue grew by 36%, from RM17.9 million in 2010 to RM24.3 million in 2011.

While operating revenue rose 15%, our operating expenses were contained at a modest 8% increase to RM214 million in the year under review. Higher staff costs and the service fees paid to the CME Group for the trading of our products on the Globex® trading platform contributed the most towards increased expenses. Should the said service fee be excluded, operating expenses only appreciated by 4% over 2010. This was the result of our efforts at better cost management during the year under review, as reflected also in our cost to income ratio which improved to 51% from 55% in 2010.

We achieved a PATAMI of RM146.2 million in 2011, a healthy 29% increase from the RM113 million recorded previously, which is the highest ever normalised profit over the last four years. As a result, our year-on-year ROE also showed a corresponding 28% increase, from 13% to 17%. We closed the year with our EPS appreciating from 21.3 sen in 2010 to 27.5 sen in 2011.

In recognition of the role of technology as an enabler, we expended RM13.6 million on capital expenditure in 2011, of which 86% was allocated to information technology systems including the crucial development of a new clearing system for the Derivatives market to be implemented in 2012.

Given our positive financial results, we were in a good position to support a high dividend payout of 95% in the year under review, surpassing our payout policy of 75%. A fuller picture of our financial performance is presented on pages 36 to 40 of this Annual Report.

MARKET OVERVIEW

The year under review was a rather eventful one for markets everywhere. The Malaysian market was shaped by external uncertainties which included the Eurozone debt issue, the US budgetary deficit, political developments in the MENA region, the Japanese earthquake and the generally weak outlook for the global economy which was more pronounced towards year end. Yet, despite these challenges and their impact on markets across the globe, Asia as a region emerged fairly resilient, while our own market showed tenacity. Strength was derived from our economic fundamentals, namely an accommodative monetary policy, resurgence of private investments via the government's Economic Transformation Programme (ETP), major infrastructural spending by the government, strong commodity prices as well as robust domestic consumption.

Securities, our core business segment, benefited from high trading interest, with improved trading levels in terms of both value and volume. I am pleased to note that our Average Daily Trading Value for Securities reached RM1.79 billion, up 14% over 2010, while Average Daily Volume Traded recorded a significant improvement to 1.34 billion from the 1.02 billion noted previously.

Market capitalisation at end-December 2011 stood at RM1.29 trillion, up 1%. During the year the benchmark FTSE Bursa Malaysia Kuala Lumpur Composite Index (FBM KLCI) gained 11.82 points and closed the year at 1,530.73 points. The Key Index hit a new record closing high of 1,594.74 points on 8 July 2011. Market velocity was constant at 33%.

Chief Executive Officer's Message

On the Derivatives front, where we offer a range of 10 Derivative products, we saw traders hedging against the volatility in the global markets, helping our revenues surge by 36%. We also leveraged on the momentum gained from our CME partnership sealed in 2009, while unlocking the benefits of global accessibility and visibility post-migration to the Globex® trading platform. We attracted new participation from High Frequency Traders, providing clear validation for the path of globalisation that we have chosen. As a result, both total trading volumes as well as Crude Palm Oil Futures (FCPO) Open Interest on Bursa Malaysia Derivatives reached a 31-year all-time high. The higher trading levels resulted in the increased appetite for more Derivatives information and contributed to growth in information services income.

Total Derivatives contracts traded grew by 37% to 8.45 million in 2011, from 6.15 million registered previously, with foreign and domestic participation in the market intensifying by 59% and 31% respectively. Contracts traded for the FTSE Bursa Malaysia Kuala Lumpur Composite Index Futures (FKLI) was up by 24% to 2.48 million compared to 1.99 million in 2010. FCPO contracts increased by 45% to 5.87 million, compared to 4.06 million in the corresponding period in 2010. Average Daily Contracts Traded was up by 39% over the previous reporting period, to 34,474 contracts.

In Islamic markets, with our emphasis on wider intermediation, greater industry awareness and acceptance of Shari'ah principles through continuing education, our Shari'ah-compliant commodity trading platform Bursa Suq Al-Sila' (BSAS) recorded an Average Daily Value of RM1.2 billion compared to RM351 million in 2010. Meanwhile, with the listing of 48 Sukuk by 17 issuers valued at USD28.5 billion, we retained our leadership position as a premier Sukuk listing destination for the third consecutive year. Other milestones were achieved during 2011: the highest trade in a day at RM4.5 billion and the largest single trade by an institution at RM3.3 billion. We also welcomed the largest dual-tranche global sovereign USD Sukuk by Wakala Global Sukuk Berhad valued at USD2.0 billion.

New listings were impacted by the uncertain market outlook, particularly towards the second half of 2011, resulting in lower funds raised from IPOs, from RM19.9 billion in 2010 to RM6.7 billion. There were 28 IPOs in 2011 and the largest notable listing by funds raised was Bumi Armada Berhad, which raised RM2.7 billion.

There were 125 secondary capital issues in 2011 as against 105 in 2010, whose total raised capital amounted to RM8.3 billion compared with RM13.1 billion recorded previously. The number of newly-listed structured warrants grew by 78%, from 204 to 363. Meanwhile, the Labuan International Islamic Exchange (LFX) recorded five new listings in 2011, bringing the total number of listed instruments to 30 at year's end. At the end of 2011, the LFX achieved a market capitalisation of USD19.0 billion, as compared to USD19.3 billion previously.

BUSINESS REVIEW & STRATEGY

Bursa Malaysia continued to develop its core business in the Securities and Derivatives markets as well as build key differentiation through strengths in the Islamic and Commodities space. Our focus on the internationalisation of our markets gained ground when measured by increased foreign recognition and participation. For example, approval from the US Commodity Futures Trading Commission has now enabled US clients to buy or sell FKLI. This development augments the recognition of Malaysia by the China Banking Regulatory Commission as an approved investment destination for investors from China, as well as the FTSE Global Equity Index Series which promoted us from Secondary to Advanced Emerging Market status. We clearly benefited from greater visibility on the global horizon.

Closer to home, we were also better positioned to benefit from the growth of the ASEAN capital market, which has a combined market capitalisation of USD1.8 trillion. The upcoming links to ASEAN Exchanges are an important part of our business strategy, offering ASEAN integration, connectivity and cross-border investments through the collaboration of seven leading stock exchanges in the region.

On the domestic front, Malaysian Financial and Capital Market regulators have published plans for the development of their respective markets towards the government's stated vision of becoming a developed economy and high-income nation. The government has also undertaken proactive economic and regional transformation initiatives and developed appropriate implementation platforms to execute change to achieve the vision. Together with the capital market and financial services industry plans, these overarching policy and economic frameworks and structural reforms serve as a catalyst to expand the role of the Capital Market in financing the country's development, with Bursa Malaysia at the forefront alongside industry partners.

To equip ourselves to leverage on these developments, we revisited our business strategy and overall approach as an integrated Exchange in June 2011, with a view to adjusting our strategic priorities to be in line with the rapid domestic, regional and global developments in capital and financial market reform. In formulating our three-year Business Plan for 2011-2013, we were cognizant of the national economic and policy agendas, particularly the New Economic Model and the ETP. We were guided by our role in supporting national growth needs and aspirations, while meeting the challenges of regional competition and globalisation.

In light thereof, our long-term targets were redefined and specific initiatives to accelerate growth were reoriented, guided by five strategic thrusts. We undertook, therefore, to **revitalise the market** and put in place processes for ease of trading, mechanisms for regulatory simplicity and measures to foster competition and make markets more vibrant, as demonstrated by liquidity, trading velocity and volume. We undertook to **improve our eco-systems** whereby we would engage proactively with relevant stakeholders, i.e. policy makers, regulators, governmental organisations and industry participants to build win-win relationships and ensure optimal outcomes. We committed to **improve efficiency and productivity** through a more robust cost analysis and better understanding of cost behaviour. We began to **develop a world-class workforce**, an essential requisite for a thriving, innovative and efficient capital market, whereby our human resource systems and processes are fully aligned with our overall direction. Lastly, we started to **internationalise the market** through several initiatives aimed at bringing our market closer to global standards, providing easier access for foreign intermediaries and participants, and ensuring our products and services are of an international quality, necessitating the ongoing promotion of Bursa Malaysia to foreign investors.

In the meantime, recognising the demands on us to increase operational efficiency, preserve our margins and sustain our core business, as well as to support our five strategic thrusts, early steps were taken to embark upon an aggressive Organisational Transformation Programme which will enable us to realise our full potential in the marketplace at the end of five years. Specific initiatives have been identified as "trajectory-factors", at both the organisational and market levels, to take the Malaysian capital market to new heights.

Such transformation will begin with internal restructuring as well as external market-related initiatives. Talent and technology enhancements that started in 2011 will continue into 2012 with an aggressive strategy to grow our business through the identification of new partnerships and new income streams, development and innovation of Islamic financial markets, products and services, and the expansion of our market share both domestically and internationally.

Technology has always played a vital role at Bursa Malaysia in supporting growth. In 2011 we continued to invest in technology which improved market accessibility, provided us with high capacity and delivered consistent system performance. To further improve IT Governance, an Information Security Management System was implemented in 2011 for Securities trading. We embarked on the new Derivatives Clearing System for roll-out early in 2012 which will deliver higher capacity, better performance and accessibility for market players.

To liberalise technology solution choices for participants, we intend to retire our securities broker front-end system, paving the way for participants to acquire their own solutions and thereby strengthen their growing competitiveness in the marketplace. Our Co-Location services introduced in 2009 were expanded, allowing more subscribers to place their order management systems next to our host trading system. For better speed and efficiency we also made available the Direct Market Access infrastructure for high-speed market data and trade execution.

REGULATION & GOVERNANCE

In fulfilling our regulatory role, we are committed to provide an efficient platform for capital-raising and investment underpinned by a sound regulatory framework. We see market regulation as an important building block in growing our business and we commit sufficient time and resources to raise standards while benchmarking against international best practice.

Chief Executive Officer's Message

We believe we have maintained the right balance through the approaches that we have taken in regulating the market. Our key focus has always been on the following areas:

- Enhancing market quality through improvement in compliance of intermediaries; disclosure on the part of PLCs and market orderliness;
- Enhancing efficiency of regulatory services through approvals that we issue under our rules and various operational and advisory processes which we handle in relation to regulating our PLCs and brokers; and
- Improving regulatory standards and approaches by way of risk-based tools that best suit the market situation.

In the year under review, our Regulation team continued to ensure a balanced and outcome-based approach, and, to this end, our activities included development, supervision, engagement, enforcement and education of market participants. To always maintain a framework that is balanced, progressive and internationally-benchmarked, we continued with our surveillance activities while helping to raise the standard of corporate governance and, following from 2010, to encourage sustainable practices by PLCs.

Our key governance initiatives of 2011 included amending the Listing Requirements to improve quality of information, disclosure and corporate transparency, enhancing investor protection and issuing a Corporate Disclosure Guide.

OUTLOOK & PROSPECTS

The year 2011 may be summarised as a challenging one for the Exchange business globally. Despite the overall difficult market conditions, Bursa Malaysia managed to deliver a good set of results in 2011.

Going forward, Bursa Malaysia is committed to ensuring that the Malaysian market remains attractive and significant in the Securities, Derivatives and Islamic space through various initiatives that are to be undertaken in 2012 and over the next few years. As the Exchange landscape grows more competitive and presents greater challenges, innovative infrastructural enhancements and attractive product offerings are key in sustaining our relevance in the Exchange business.

In the long run, we are enthusiastic about the prospects for the Securities market. There is ample liquidity in the market and while demand for companies to tap funding more efficiently is expected to grow further, we see greater potential for Bursa Malaysia to play its role to help the government develop the economy. In the Derivatives market, we expect to benefit from the volatility in the cash market on the back of increasing needs for price risk management and hedging activities. In the Islamic segment, Malaysia as the centre for Islamic financing activities will be an important factor that works in our favour. It is therefore crucial for Bursa Malaysia to differentiate and innovate in this space to remain relevant to help Malaysia retain its position as a leading player in Islamic markets. These prospects, together with our initiatives to be embarked on under the transformation programme, will help us to further improve the overall market condition.

As part of our internationalisation efforts, we stand to gain ground from the ASEAN Exchanges opportunity which represents a regional marketplace, offering product diversity, investment mobility and the chance for Malaysia to leverage its position at the centre of trade flows in the ASEAN capital market. We remain mindful of Malaysia's unique geographical position coupled with strong economic and multi-cultural ties in ASEAN which would give us the natural advantage to tap into the growth of the region's advancing economies.

Global economic conditions are expected to remain increasingly challenging given the heightened uncertainty over the pace of recovery in major global economies and the Eurozone sovereign debt crisis. Hence, market volatility is expected to persist on the local equity market in 2012 until prospects of a global recovery become imminent. Nevertheless, we remain confident in the depth of our Exchange, which has demonstrated its ability to perform through difficult times.

We are further assured by Malaysia's resilient economic fundamentals, strong domestic demand and the government's ongoing strategic reform initiatives. We believe these will help mitigate the negative global impact on economic growth and sustain market confidence. As such, we remain confident in our ability to meet our targets for the coming year, while staying on track to become one of the most significant and progressive exchanges in the region over the medium term.

Dato' Tajuddin bin Atan
Chief Executive Officer

Management Committee



Dato' Tajuddin bin Atan

*Chief Executive Officer
Bursa Malaysia Berhad*

Leads Bursa Malaysia Group of Companies and the Management Committee.

Also directly overseeing:

- Group Human Resources
- Corporate Risk Management
- Corporate Secretarial and Compliance
- Islamic 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, Policy and Advisory
- Listing
- Corporate Surveillance and Governance
- Participants Supervision
- Market Surveillance
- Investigation
- Enforcement



Uday Jayaram

*Global Head, Securities Markets
Securities Markets*

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



Chong Kim Seng

*Chief Executive Officer
Bursa Malaysia Derivatives Bhd*

Leads derivatives subsidiary with principal responsibilities for:

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



Chua Kong Khai

*Chief Market Operations Officer
Market Operations*

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



Datin Azalina binti Adham

*Head, Strategy and Transformation
Strategy and Transformation*

- Enterprise Transformation
- Strategic Business Development
- Strategic Communication
- Strategic Planning



Leong Chai Kin

*Acting Chief Information Officer
Technology and Systems*

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

Our Performance

5 Year Highlights

	31 DEC 2007	31 DEC 2008	31 DEC 2009	31 DEC 2010	31 DEC 2011
Key Results					
(RM Million)					
Operating Revenue ¹	453.5	302.5	297.8	331.3	381.3
Operating Expenses ²	172.9	186.0	183.2	197.3	214.0
PATAMI	240.6	104.4	177.6 ⁴	113.0	146.2
Other Key Data					
(RM Million)					
Total Assets	1,447.0	1,729.9	1,786.6	1,708.3	1,673.5
Total Liabilities	666.8	997.6	938.0	844.7	798.9
Shareholders' Equity	780.2	732.3	840.0	852.3	860.4
Capital Expenditure	39.9	34.0	22.1	21.9	13.6
Cash from Operating Activities ³	234.3	92.9	118.9	153.9	177.0
Financial Ratios (%)					
Operating Revenue Growth ¹	68.5	(33.3)	(1.5)	11.2	15.1
Cost to Income Ratio	35.2	56.1	45.5 ⁴	54.6	50.9
Net Profit Margin	48.9	31.5	44.1 ⁴	32.0	36.0
ROE	30.3	13.8	22.6 ⁴	13.4	17.1
Share Information					
Basic EPS (sen)	46.11	19.89	33.70	21.29	27.50
Net Dividends per Share (sen)	62.30	18.06	17.83	20.00	26.00
Net Assets per Share (sen)	1.49	1.39	1.59	1.60	1.62
Share Price - High (RM)	16.90	16.30	8.59	8.66	9.02
Share Price - Low (RM)	8.00	4.68	4.36	6.75	5.76
Share Price as at 31 December (RM)	14.30	5.15	7.99	7.80	6.70
Price Earnings Ratio (times)	31.01	25.89	23.71	36.64	24.36
Company Market Capitalisation (RM billion)	7.49	2.71	4.22	4.14	3.56

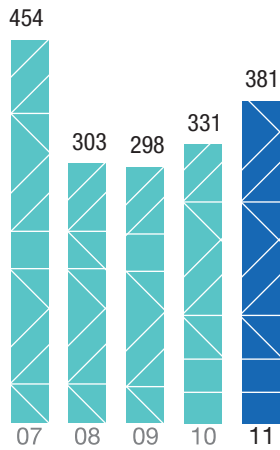
¹ Comparative figures have been restated to include interest earned from participants' contributions and conference fees and exhibition related income.

² Comparative figures have been restated to include commitment fees.

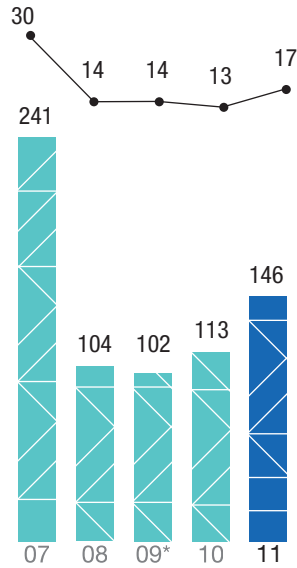
³ Comparative figures have been restated to exclude participants' contributions and collaterals.

⁴ The results and ratios for 2009 which exclude the gain on part disposal of a subsidiary are as follows:

- (i) PATAMI: RM101.6 million
- (ii) Cost to income ratio: 56.1%
- (iii) Net profit margin: 31.1%
- (iv) ROE: 13.6%

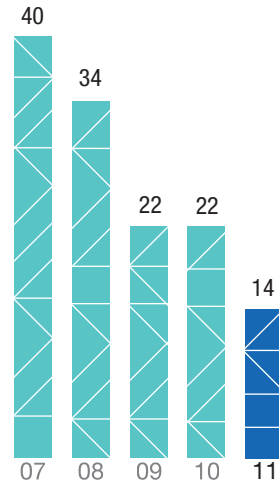


Operating Revenue
(RM million)

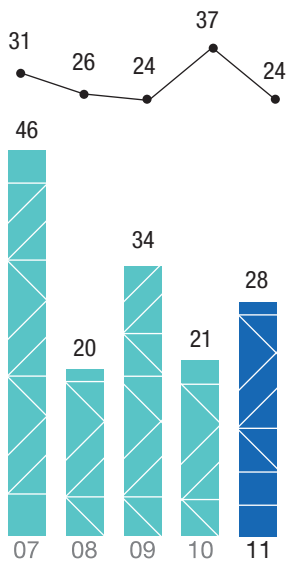


PATAMI & ROE

—●— ROE (%)
 PATAMI (RM million)

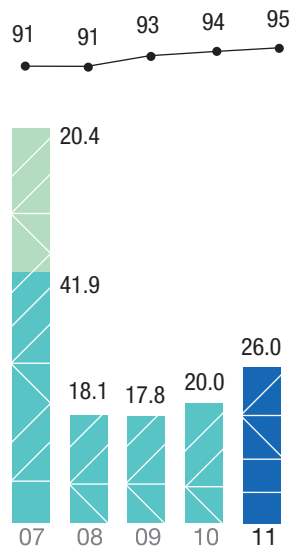


Capital Expenditure
(RM million)



EPS & Price Earnings Ratio

—●— Price Earnings Ratio (times)
 EPS (sen)



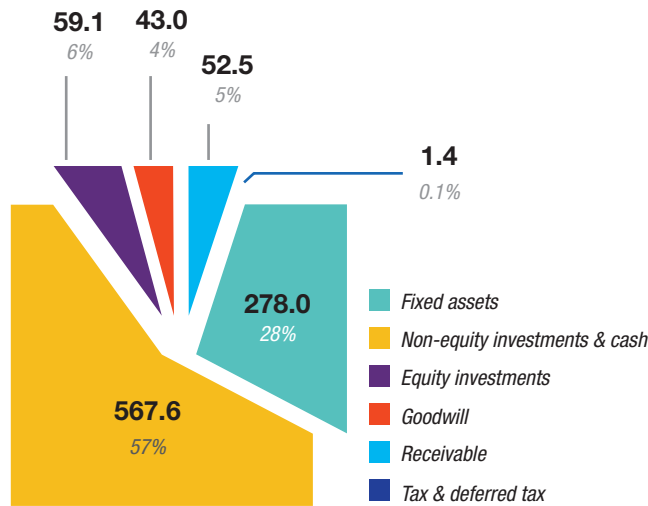
Net Dividends

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

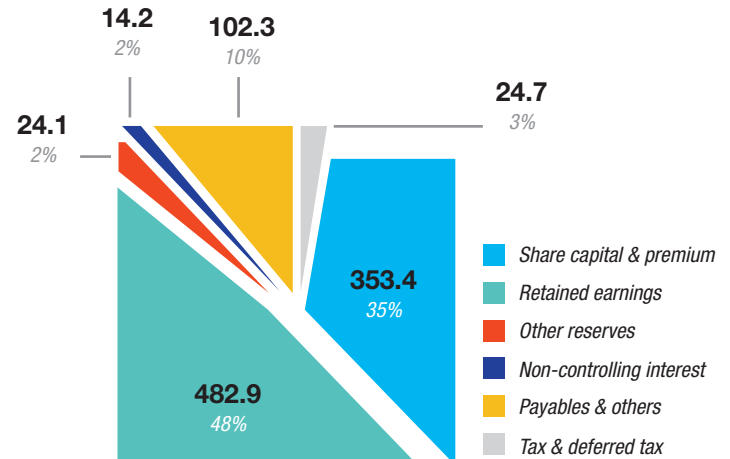
* 2009 PATAMI and ROE have been normalised to exclude the gain from part disposal of BMD. Including this one-off capital gain:
 (i) PATAMI: RM178 million
 (ii) ROE: 23%

Our Performance

2011 Financial Position

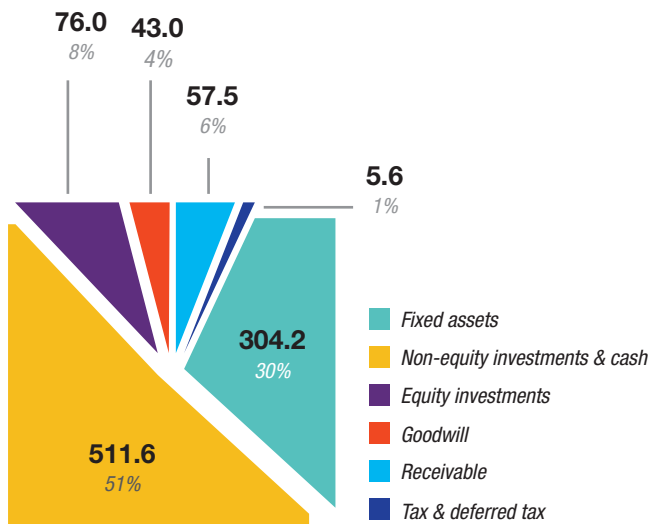


Total Assets Belonging to the Group* 2011 (RM million)

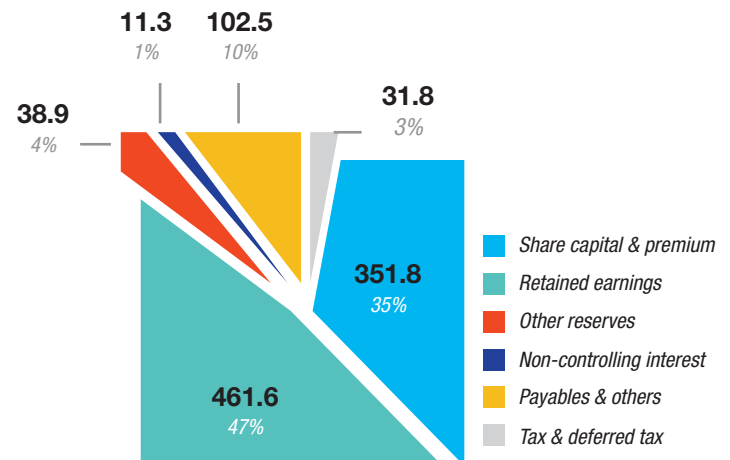


Total Equity & Liabilities of the Group* 2011 (RM million)

2010 Financial Position



Total Assets Belonging to the Group* 2010 (RM million)



Total Equity & Liabilities of the Group* 2010 (RM million)

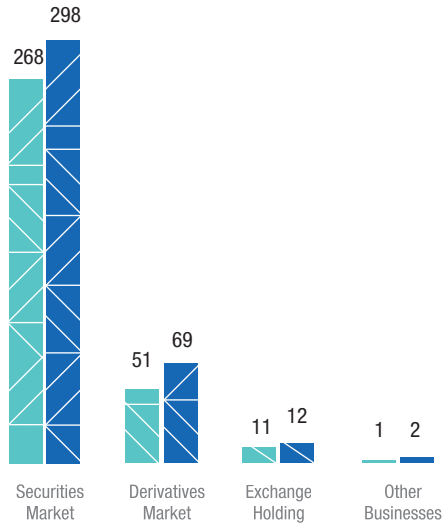
* Total assets belonging to the Group and total liabilities of the Group excludes cash and bank balances not belonging to the Group and the corresponding liabilities.

Quarterly Results

2011	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	Full year
Key Financials					
Operating Revenue (RM million)	107.8	92.5	96.1	84.9	381.3
PATAMI (RM million)	40.5	35.7	38.6	31.3	146.2
ROE (%)	18.6	16.3	18.2	14.9	17.1
Cost to Income Ratio (%)	49.9	51.1	49.5	53.7	50.9
Earnings per Share (sen)	7.6	6.7	7.3	5.9	27.5
Dividend per Share (sen)	–	13.0	–	13.0	26.0
Key Operating Drivers					
ADV - OMT & DBT on Securities Market (RM million)	2,234	1,639	1,887	1,412	1,788
ADC on Derivatives Market	36,785	32,316	34,169	34,779	34,474
2010					
Key Financials					
Operating Revenue (RM million)	81.2	76.5	79.3	94.3	331.3
PATAMI (RM million)	28.1	27.5	27.7	29.8	113.0
ROE (%)	13.1	12.9	13.4	14.3	13.4
Cost to Income Ratio (%)	55.1	54.2	55.3	54.1	54.6
Earnings per Share (sen)	5.3	5.2	5.2	5.6	21.3
Dividend per Share (sen)	–	9.5	–	10.5	20.0
Key Operating Drivers					
ADV - OMT & DBT on Securities Market (RM million)	1,532	1,288	1,482	2,002	1,574
ADC on Derivatives Market	23,889	22,518	25,111	27,776	24,818

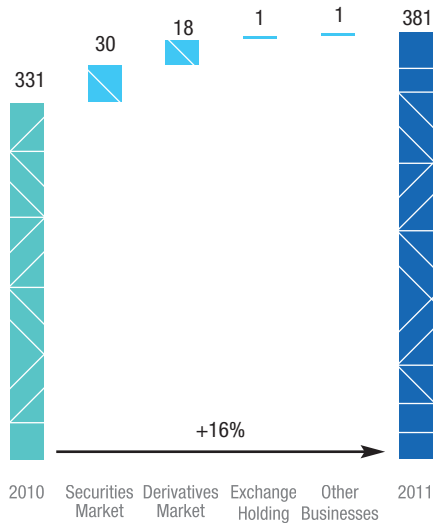
Our Performance

Segmental Information



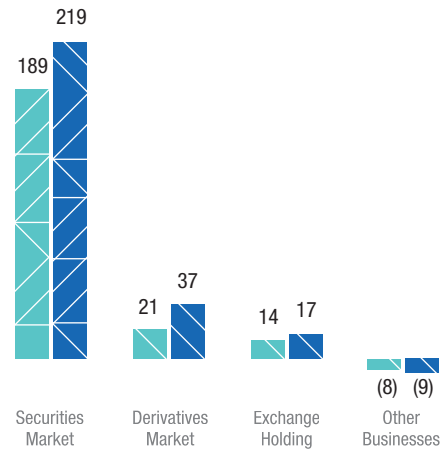
Segment Operating Revenue (RM million)

2010
2011



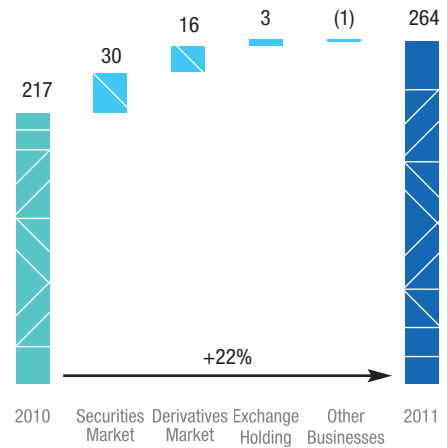
Segment Contribution to Operating Revenue Growth (RM million)

2010
2011
Segment Growth



Segment Profit* (RM million)

2010
2011



Segment Contribution to Profit* Growth (RM million)

2010
2011
Segment Growth

* Segment Profit = Segment Operating Revenue + Segment Other Income - Segment Direct Costs (i.e. before overheads and tax)

Financial and Operational Review

FINANCIAL ANALYSIS

The year under review was a challenging one for stock exchanges everywhere, marked by uncertainties in the operating environment. Nevertheless, Bursa Malaysia delivered a good set of financial results for the year.

29% growth in PATAMI

Bursa Malaysia achieved a PATAMI of RM146.2 million in 2011, significantly higher by 29% over the RM113 million recorded in the previous financial year. The improvement in PATAMI came on the back of higher revenues from both securities and derivatives trade as well as prudent cost management. Our ROE rose from 13% in 2010 to 17% in 2011, while our cost to income ratio improved from 55% in 2010 to 51% in 2011.

RM million	2011	2010	% change
Operating Revenue	381.3	331.3	+15%
Other Income	38.8	29.8	+30%
Operating Expenses	(214.0)	(197.3)	+8%
PBT	206.1	163.8	+26%
Income Tax Expense	(54.8)	(48.2)	+14%
PAT	151.3	115.6	+31%
Minority Interest	(5.1)	(2.6)	+99%
PATAMI	146.2	113.0	+29%

15% growth in operating revenue

Total operating revenue grew from RM331.3 million to RM381.3 million, representing an improvement of 15% over 2010. This may be attributed to a number of key factors, namely, growing participation from both foreign and domestic investors in securities and derivatives trading, the in-built resilience of the Malaysian market and the strong fundamentals of the local economy.

Trading activity on the Securities market in 2011 saw Average Daily Value (ADV) grow by 14% to RM1.79 billion, and trading revenue improve by 15% to RM193 million.

On the Derivatives front, 2011 was a remarkable year of achievements following the migration of our products to the CME Globex® trading platform which provided Bursa Malaysia with greater international visibility. This, coupled with efforts to broaden our intermediary network, led to foreign interest increasing from an average of 27% of Derivatives trades in 2010 to 31% in 2011. The overall improvement in both foreign and local trading activity saw Average Daily Contracts (ADC) grow by 39% to 34,474 contracts and trading revenue from the Derivatives market strengthen by 36% to RM51.2 million.

Higher trading activity on both the Securities and Derivatives markets led to an increase in demand for information, and, consequently, a growth in information services revenue of 13% to RM19.2 million. Listing fees saw an increase of 6% to RM38.2 million due to higher market valuation and an increase in the number of structured warrants from 204 listings in 2010 to 363 listings in 2011. We also saw more trading participants subscribing to direct market access, which increased our total access fees by 19% to RM8.7 million. Depository services income posted a decrease of 4% to RM31.7 million, while broker services and participants income saw growth of 4% and 6% to RM11.7 million and RM3.2 million respectively from 2010.

30% growth in other income

Other income grew by 30%, from RM29.8 million in 2010 to RM38.8 million in the year under review. This growth was due mainly to higher fund size and enhanced yields from investment income.

Better cost management

On the cost side, expenses grew by 8%, from RM197.3 million previously to RM214 million. The growth in expenses came mainly from an increase in staff costs and Globex® service fees (a cost which varies proportionately with the volume traded on the Derivatives market). Without taking the latter costs into consideration, expenses registered only a marginal 4% increase over the previous year, which is reflective of the measures put in place to ensure controlled and focused spending.

Financial and Operational Review

Strong balance sheet

Our net assets grew by 1% to RM874.6 million as at 31 December 2011.

Non-current assets were lower in 2011 at RM427 million. This was primarily due to the progressive utilisation of our fixed assets, which are charged out as depreciation and amortisation, and the lower value of our equity investment in CME.

Current assets were higher at RM574.6 million owing to higher funds from an increase in trading revenue on the Securities and Derivatives markets. These funds were invested both in investment securities and money market instruments.

Non-current liabilities were lower at RM46 million due to lower deferred tax liabilities, while current liabilities were fairly stable at RM81 million.

Total equity was fairly stable, increasing by only 1%.

RM million	2011	2010	% change
Assets belonging to the Group			
Non-current	427.0	472.3	-10%
Current	574.6	525.6	+9%
Total Assets	1,001.6	997.9	+0.4%
Liabilities of the Group			
Non-current	46.0	52.1	-12%
Current	81.0	82.2	-2%
Total Liabilities	127.0	134.3	-5%
Net Assets	874.6	863.6	+1%
Equity belonging to			
Shareholders of Bursa Malaysia	860.4	852.3	+1%
Minority interest	14.2	11.3	+26%
Total Equity	874.6	863.6	+1%

Capital expenditure

We spent RM13.6 million on capital expenditure in 2011, of which 86% was allocated to information technology systems. The main item of expenditure was the development of a clearing system for the Derivatives market. We also commenced the revamp of our website in 2011 and replaced certain internal IT systems. The remaining 14% was expended in non-technology assets.

Healthy cash flows

Our cash position grew by 11% to RM499.9 million as at 31 December 2011, primarily a result of higher trading activity on the Securities market. This is reflected in the cash flows from operating activities of RM177 million which were primarily used to pay dividends to shareholders of Bursa Malaysia.

RM million

Balance as at 1 January 2011		449.9
Net increase in cash due to:		
Operating activities	177.0	
Investing activities	(4.5)	
Financing activities	(122.5)	49.9
Balance as at 31 December 2011		499.9

Rewarding shareholders

In 2011 we paid an interim dividend of 13 sen per share. Our Board has proposed 13 sen per share as our final dividend, subject to shareholders' approval at the Annual General Meeting on 29 March 2012. This will bring total dividends for the year to 26 sen per share, representing a payout of 95% of our profits to our shareholders in financial year 2011 and maintaining our high payout trend.

SEGMENTAL REVIEW

Growth in key business segments

Our two key segments, the Securities and Derivatives markets, reported a healthy growth in profit as a result of higher trading activities.

	2011		2010		% change in segment results
	Results (RM million)	Segment margins	Results (RM million)	Segment margins	
Segment profit from:					
Securities Market	219.4	70%	189.1	68%	+16%
Derivatives Market	36.8	51%	21.3	40%	+73%
Exchange Holding	17.1	57%	14.1	52%	+21%
Other Businesses	(8.8)	–	(7.6)	–	+16%
Total Segment Profit	264.5	63%	216.9	60%	+22%
Overheads	(58.4)		(53.1)		+10%
PBT	206.1		163.8		+26%

Securities market improves trading revenue

The Securities market segment reported improved profit from RM189.1 million in 2010 to RM219.4 million in 2011, driven by greater activity from both domestic and foreign participants, hence generating higher trading revenue.

The volatility observed during the year was particularly evident in the first quarter where the FBM KLCI fell 2.09% on 10 February 2011 in line with heavy corrections on regional bourses triggered by China's interest rate hike. It was also clear that the selling pressures in the first quarter were triggered by such external events as the political developments in the Middle East, the Japanese earthquake and fears of radiation leaks from Japan's damaged nuclear reactors. Market sentiment improved in the second quarter due to positive growth indicators reported for the Malaysian economy. In the third quarter, the market was heavily affected by developments in the US economy and in the EU, plunging over two days by 1.8% and 1.66% respectively on 8 and 9 August 2011, in line with heavy regional falls, but recovered in the fourth quarter on positive news in relation to the Malaysian economy.

We also saw increases in listing fees, information sales, access fees and perusal and processing fees. Depository services saw a drop due to high public issue fees from a large listing in 2010.

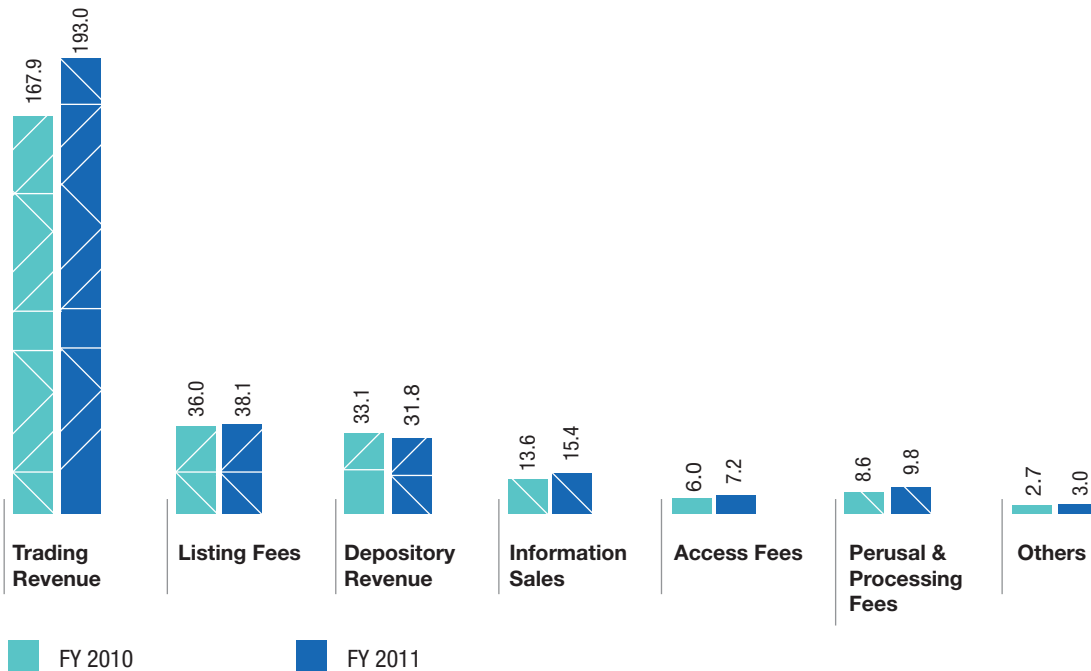
Segment expenses increased marginally by 6% to RM94.2 million. This was largely due to higher human capital costs.

Financial and Operational Review

Securities Market Results

RM million	2011	2010	% change
Operating Revenue	298.3	267.9	+11%
Other Income	15.3	9.6	+58%
Direct Costs	(94.2)	(88.5)	+6%
Segment Profit	219.4	189.1	+16%

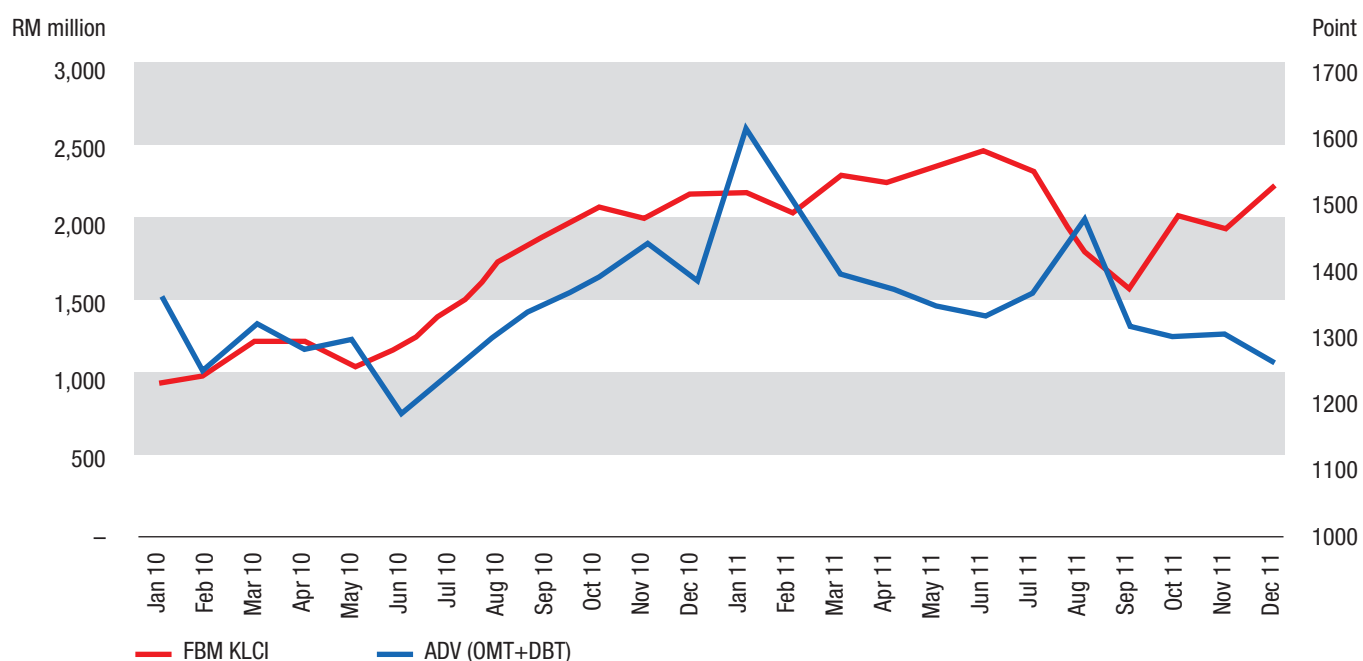
RM million



Key securities market data

	2011	2010
FBM KLCI	1,530.73	1,518.91
Average daily value - OMT and DBT (RM billion)	1.79	1.57
Average daily volume - OMT and DBT (billion)	1.34	1.02
Effective clearing fee rate (basis point)	2.37	2.38
Velocity (%)	33	33
Number of IPOs	28	29
Number of new structured warrant listings	363	204
Total funds raised:		
- IPOs (RM billion)	6.66	19.87
- Secondary issues (RM billion)	8.28	13.10
Market capitalisation at end of period (RM billion)	1,284.54	1,275.28

ADV and FBM KLCI Trend



Financial and Operational Review

Increased hedging activities lead to 73% growth in Derivatives profit

The Derivatives market segment reported a healthy 73% growth in operating profit from RM21.3 million in 2010 to RM36.8 million in 2011, mainly driven by better visibility enjoyed in the past year by the Derivatives market and increased market volatility which encouraged the appetite for more hedging activities.

Records were broken for total Derivatives contracts traded, and total FCPO contracts posted a 31-year all-time high. The total Derivatives contracts traded increased by a significant 37% to 8.45 million in 2011, up from 6.15 million a year earlier. Contracts traded for FKLI registered a 24% increase to 2.48 million from 1.99 million in 2010, while FCPO contracts posted a 45% growth to 5.87 million from 4.06 million previously. These milestones translated into higher trading revenues for the Derivatives market.

Analysis of the demography of players showed that participation of institutional and retail segments recorded higher trades after the migration of our derivatives products onto the CME Globex® trading platform. For FCPO contracts, foreign institutional participation grew from 25% in 2010 to 28% in 2011 whilst for the FKLI contract, it recorded an improvement from 33% in 2010 to 37% in 2011. More visibility also resulted in our attracting High Frequency Traders (HFTs), who contributed 6% of Derivatives market share in 2011.

With greater awareness and promotion via Internet Trading to the domestic retail market, the number of new futures trading accounts grew by 29% from 35,000 in 2010 to 45,000 accounts in 2011. The trading composition by domestic retailers in 2011 for the FKLI was 42% (1.04 million contracts), and for the FCPO, it was 24% (1.44 million contracts).

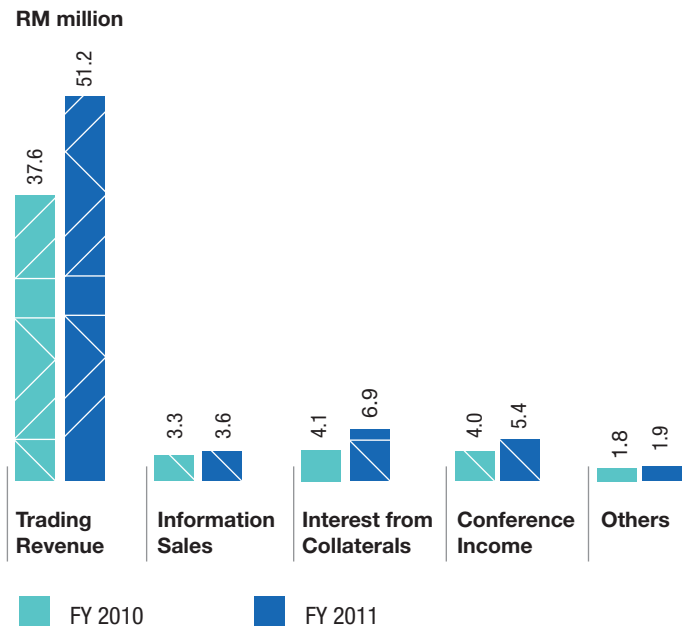
The improvement in trade volumes increased the need for more information with the result that information services income gained ground. The number of open interests on the Derivatives market likewise increased, and with that came higher guarantee fees and interest income from margins. As our annual Palm Oil Conference gained wider recognition, it attracted greater participation which resulted in higher conference income. Total operating revenue grew by RM18.2 million in 2011.

Segment expenses increased by RM3.5 million, due mainly to the service fees paid to CME for the trading of our products on Globex® trading platform. This was partially offset by a cessation of system costs from the previous trading system.

Derivatives Market Results

RM million	2011	2010	% change
Operating Revenue	69.0	50.8	+36%
Other Income	3.4	2.6	+31%
Direct Costs*	(35.6)	(32.1)	+11%
Segment Profit	36.8	21.3	+73%

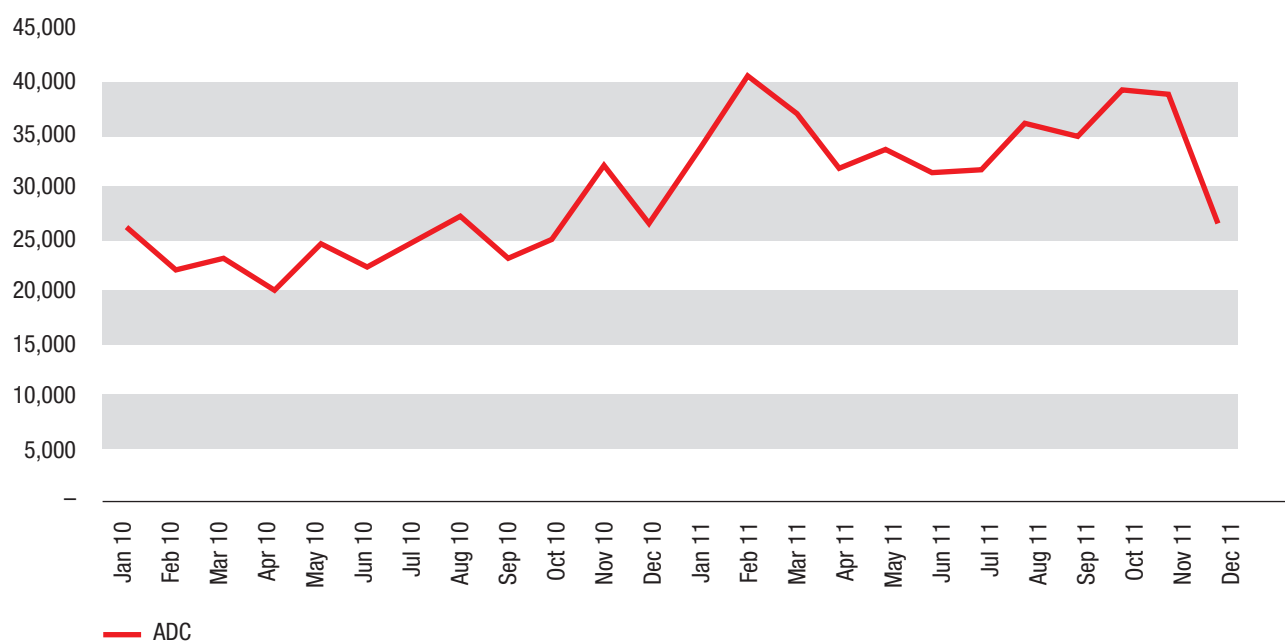
* Included in direct costs is Globex® service fees of RM11.5 million and RM2.7 million in 2011 and 2010 respectively.



Key derivatives market data

	2011	2010
FCPO contracts (million)	5.87	4.06
FKLI contracts (million)	2.48	1.99
Other contracts (million)	0.10	0.10
Total contracts (million)	8.45	6.15
ADC	34,474	24,818
Open interests as at 31 December	152,419	132,151

ADC Trend



Exchange holding company

The exchange holding company recorded a segment profit of RM17.1 million in 2011, an increase of 21% compared to the RM14.1 million level of 2010. The higher profit recorded during the year under review is attributed to higher investment income as a result of a higher level of funds from subsidiary dividends and enhanced yields.

Other businesses

Our other businesses are the operation of BSAS, Electronic Trading Platform and an offshore market. The increase in segment loss from RM7.6 million in 2010 to RM8.8 million in 2011 was a result of higher system costs.

OPERATIONAL REVIEW

Securities Market

Our overall strategy in 2011 incorporated a focus on improving liquidity and enhancing vibrancy of the Securities market. Some of the more notable developments during the year are described below.

▶ New listings

In the year under review, there were 28 Initial Public Offerings (IPOs) compared to 29 achieved in 2010. The total funds raised through such IPOs in 2011 amounted to RM6.7 billion, of which the largest listing by funds raised was Bumi Armada Berhad, at RM2.7 billion. By comparison, the largest IPO in the previous year achieved RM12.8 billion in funds raised on listing, thereby bringing the total IPO funds raised in that year to RM19.9 billion. Meanwhile, there were 125 secondary capital issues in 2011, as against 105 in 2010. The capital raised by these secondary issues in the year under review totalled RM8.3 billion, as compared to RM13.1 billion in the previous year. On the other hand, the number of newly-listed structured warrants grew by nearly 78% to 363, compared with 204 in 2010.

Financial and Operational Review

In building the IPO supply pipeline, Bursa Malaysia undertook a number of exercises in 2011 which included the launch of a Practical Guide to Listing to help aspiring companies prepare themselves to go public and better manage their listing process. We also worked with agencies such as TERAJU and SME Corp to organise seminars for their members on listing as a capital-raising platform for companies. These were followed by IPO clinics for selected companies which assessed the companies individually and provided a diagnostic of the companies' readiness to go public and advised on next steps.

▶ Showcasing sectors and companies

A series of quarterly events called "In the Spotlight" with a sectoral focus was launched by Bursa Malaysia in the year under review to provide a platform for listed companies to showcase their progress and potential to the investment community. Three sessions were conducted during the year, and participation was encouraging with at least 200 members of the investment community in attendance including fund managers, analysts and wealth managers.

▶ Developing Exchange Traded Fund (ETF)

In line with our efforts to expand our ETF product range, the focus was on increasing the supply and at the same time enhancing investor awareness via a series of educational seminars which commenced in June 2011. As a result, the average daily volume for ETFs increased by 10% in comparison with 2010, from 1 million to 1.1 million.

The government, taking cognizance of the importance of the development of the ETF market, announced the allocation of RM200 million to seed new Shari'ah-compliant ETFs in the 2012 Federal Budget. A wholly-owned subsidiary of ValueCap Sdn Bhd will be providing the funding to attract both local and foreign issuers to list more ETFs in Malaysia.

▶ ASEAN Exchanges Collaboration

Bursa Malaysia, Hanoi Stock Exchange, Hochiminh Stock Exchange, Indonesia Stock Exchange, The Philippine Stock Exchange Inc, Singapore Exchange and The Stock Exchange of Thailand collaborated to form ASEAN Exchanges with a mission to establish an interlinked ASEAN capital market via greater cross-border investments, mobilisation of intra-ASEAN funds and trading of equity markets. The alliance saw the launch of ASEAN Brand Identity, ASEAN Exchanges website and ASEAN Stars with the intent to promote the growth of the ASEAN capital market and spur higher liquidity in the region.

ASEAN Brand Identity is a logo that represents the spirit of cooperation among South East Asian Nations, whilst the website features the ASEAN Stars and future ASEAN-centric products and initiatives. The ASEAN Exchanges website provides investors with an integrated single-window view into the ASEAN capital market, which has a combined market capitalisation of approximately USD1.8 trillion and the participation of more than 3,000 companies. ASEAN Stars are made up of a selection of the top 30 stocks from each exchange, ranked in terms of market capitalisation and liquidity.

Guided by the ASEAN Economic Community blueprint, the collaboration of ASEAN Exchanges will jointly promote the development of ASEAN as an asset class through a collaborative framework with the intent of increasing liquidity to member exchanges. This will be achieved through a focused strategy that includes driving cross-border collaboration, streamlining access to ASEAN, creating ASEAN-centric products and implementing targeted promotional initiatives.

▶ Institutional investor engagements

The twin strategic objectives of the Invest Malaysia Programme are business development (diversifying and broadening our investor base) and communicating the Malaysia Story (Malaysia's transformational changes and investment opportunities) for both portfolio and direct investments.

All the above elements of the Malaysia Story are aimed to promote Malaysia as a favourable investment destination.

Invest Malaysia

Our annual flagship "Invest Malaysia" Kuala Lumpur (KL) conference remains a permanent feature in the calendars of many institutional investors, local and foreign. The seventh Invest Malaysia KL event was held in April 2011, attracting approximately 1,000 local and foreign institutional investors, including fund managers, media representatives and government officials. Invest Malaysia KL continues to be a national effort, showcasing portfolio and direct investments under one roof, and remains both a communication platform as well as a springboard for continuing action. The Prime Minister in his Keynote Address drew attention to the achievements of the last two years and promised to focus on the task of implementation. Malaysia's Second Capital Market Master Plan was launched at Invest Malaysia KL 2011.

As a follow-through, Invest Malaysia New York was held in May 2011, in conjunction with the Prime Minister's visit to New York. It was the result of collaboration between Bursa Malaysia and NYSE Euronext, the Malaysian Industrial Development Authority and sponsoring brokers which included CIMB Investment Bank, Maybank Investment Bank and J.P. Morgan Securities. The highlights were the Special Address by the Prime Minister and his private session with top-tier fund managers, asset allocators and industry participants. In addition, 10 Malaysian corporate representatives held scheduled meetings with US fund managers.

The second instalment of Invest Malaysia Hong Kong was held in November 2011, in collaboration with OSK Investment Bank, targeting mid-tier funds. A total of 14 Malaysian corporations were featured, including small and mid capitalised stocks. These stocks are long-term beneficiaries of the ETP as well as ASEAN champions and showcased the potential and tenacity of Malaysian companies. Meanwhile, following the inaugural Invest Malaysia Beijing in 2010, a roadshow to Shanghai was organised on 1 and 2 November 2011, targeting QDII funds.

▶ Retail investors

The retail investor segment has always been a priority with Bursa Malaysia. As such, our commitment has been to engage, develop and retain this segment by educating and creating awareness of the various product offerings and services of the Exchange. Our emphasis would be to continue to inspire and educate retail investors as well as persuade them to view the capital market as a place of investment opportunity.

To sustain and engage our existing investors, we continued our efforts through the annual "Market Chat" programme. Apart from expanding its outreach by 60% from 2,700 participants when we first initiated this programme in 2007 to 12,000 in 2011, Market Chat has given a boost to trading activities amongst retail investors especially in locations outside the main market centres of Klang Valley, Johor Bahru, Penang, Kota Kinabalu and Kuching. To keep the momentum going, participating brokers have expanded their operations by establishing new branches and this has spurred new interest in trading.

▶ Young investors

During the year, some 1,700 students visited Bursa Malaysia in line with our corporate social responsibility efforts to educate the young in the business and workings of the capital market.

▶ Enhancing trading efficiency

On 18 April 2011, Bursa Malaysia Securities introduced the Day Order with the aim of promoting efficiency in order creation and avoiding unnecessary duplication in data entry for unmatched orders between the morning and afternoon sessions. Previously, all orders were Session Orders and when entered into the trading system, were valid for a single session only. With Day Order, all unmatched orders from the morning session are automatically carried forward to the afternoon session and considered as valid for the entire trading day.

In line with the implementation of Day Order, a single trading limit of 30% for shares above RM1.00 and RM0.30 sen for shares below RM1.00 was also introduced for the whole trading day instead of per single trading session.

▶ New sector indices

On 3 October 2011, the FTSE Group (FTSE) and Bursa Malaysia launched a new set of Industry, Supersector and Sector indices to complement the existing FTSE Bursa Malaysia Index Series. The new set of 10 Industry, 19 Supersector and 39 Sector Indices was designed to provide investors with a comprehensive set of tools for in-depth analysis of the Malaysian stock market in general and sectoral performance in particular. Benchmarked against a global standard, the indices will also enable investors to make cross-border comparisons between sectors and industries in Malaysia and other countries.

In conjunction with this extension of the existing FTSE Bursa Malaysia Index Series, the free-float methodology for the FTSE Bursa Malaysia Index Series has been reviewed and enhanced, to ensure the indices continue to provide the most accurate reflection of the Malaysian Securities market opportunity.

Financial and Operational Review

▶ eDividend implementation

Electronic dividend or eDividend is a dividend payment system whereby the dividend proceeds are credited directly into the entitled shareholders' bank accounts. Since the implementation of eDividend on 19 April 2010, the number of CDS account holders opting for eDividend increased from 1.2 million accounts as at 31 December 2010, to 1.4 million accounts as at 31 December 2011. The total number of dividend payments made under eDividend since inception was 1,022, with an average of 77% dividend payout to shareholders via eDividend.

▶ Enhancing trade settlement

On 27 December 2011, the Clearing House changed the timing of book entry delivery of securities from 9.00 a.m. on T+3 to 10.00 a.m. on T+3. The reason for this change was to synchronise the timing of book entry delivery of securities with the payment of funds, which is effected by 10.00 a.m. on T+3. The Clearing House has also liberalised the requirement for Clearing Participants to operate designated settlement accounts with the Clearing House appointed Clearing Banks for settlement in Ringgit Malaysia. With this liberalisation, Clearing Participants now have the flexibility to select their preferred banks for settlement with the Clearing House.

▶ Improving Securities Borrowing and Lending framework

The Companies (Prescribed Interest) Regulations 2011 came into operation on 15 November 2011 in regard to Securities Borrowing and Lending (SBL) arrangements. Under the new regulations, a lender and borrower of substantial shareholdings are exempt from notification requirements in relation to an interest arising from an SBL transaction, provided the borrower does not keep the borrowed securities for more than three business days.

Derivatives Market

In 2011, we continued to grow our Derivatives business by focusing on improving trading access, broadening our intermediary network and improving global visibility of our products. The highlights of our activities are described below.

▶ Trading of FKLI contracts by US persons

We achieved a regulatory breakthrough when the United States Commodity Futures Trading Commission (CFTC) allowed the buying and selling of Kuala Lumpur Composite Index Futures Contracts (FKLI) by persons based in the US, with effect from 28 June 2011.

▶ Clearing developments

The replacement of the Derivatives Clearing System (DCS) continued during the year, with the aim to provide better infrastructure for the Clearing House to facilitate new and complex product launches. Other operational clearing enhancements were completed in 2011, including additional calendar spreads for FCPO contracts from 15 to 105 spreads, and an extended scope of acceptance of Letters of Credit from customers directly, as margin collateral.

▶ Increasing Market Participants

(a) Dual Licensing Fast Track Programme

The year 2011 saw the liberalisation of requirements for certain sales personnel of the Derivatives market with approval from the SC. Under the Dual licensing Fast Track Programme (DLFT), qualified Dealer Representatives (DR) in the Securities market with 10 years of experience are also able to act as Futures Broker Representatives (FBR) to trade on behalf of their clients in the Derivatives market. This is done by completing a four-day Dual Licensing Fast Track (DLFT) Programme jointly organised by the Securities Industry Development Corporation (SIDC) and BMD. The said programme dispenses with the need to sit for examinations as required previously.

As at 31 January 2012, there was a marked increase of 155 FBRs who were granted relevant licences by the SC to trade in futures contracts, as a result of the above DLFT Programme. They make up 20% of the dual-licence population qualified to trade in both Securities and Derivatives contracts.

(b) Liberalisation of Requirements for Local Participants

The Exchange continues to attract more Local Participants (Locals) to our Derivatives market. They are proprietary traders who provide liquidity to the market by offering a bid and ask price at regular intervals and are akin to pseudo Market Makers. The high-entry requirements to become a Local have been prohibitive. Given their ageing profile, their role as liquidity providers, and the fact that they contribute approximately one-third of our total market volume, the need to recruit a new generation of Locals had become imperative.

On 31 October 2011, the Securities Commission approved the liberalisation of Local admission requirements which are expected to facilitate the entry of more Locals into the market. In a related development, the Ministry of Finance had on 14 November 2011, approved a five-year extension of tax abatement for Locals. With this extension, a Local is now entitled to an abatement of adjusted income at a rate equivalent to 50% on the income derived from trading professionally on Bursa Derivatives for the years 2012 to 2016.

Both the liberalisation and tax abatement incentives are aimed at growing the Locals community in a sustainable way to enhance market liquidity. Roadshows with an educational focus have been planned across the country to recruit Locals, to be conducted jointly by the Exchange and its Trading Participants (TP).

 **Branding and awareness**
(a) Retail Initiatives - 'Talk Futures' Educational Series

A retail educational series commenced in June 2011 in partnership with certain TPs, with more than 105 events organised till year-end. Locations ranged from smaller townships to major cities nationwide, including Sabah and Sarawak. A six-part series of articles on 'How to Trade Futures' was also published in the local newspapers to create awareness and educate investors on Derivatives trading.

(b) Institutional Reach

- **Palm & Lauric Oils Conference and Exhibition**

The annual Palm & Lauric Oils Conference and Exhibition (POC2011) was a success with a record turnout. More than 2,000 delegates attended, originating from 59 countries, to hear top speakers share their views on the industry. Participants came from a variety of sectors and included physical commodity traders, financial traders, millers, refiners, shippers, fund managers, importers, plantation managers and those involved in the bio-fuel energy segment. The theme of 'Weathering Challenges... Maximising Opportunities' was believed apt, given the recent volatility in commodity prices as a result of changes in weather patterns. Special attention was accorded to China at this year's event due to its growing influence on commodity prices.

- **China Oils and Oilseeds Conference (CIOC)**

The annual CIOC event recorded participation from over 800 delegates from Malaysia, China, the US and other countries. The strategic collaboration that was forged with the Dalian Commodity Exchange since 2006 came to fruition with increased participation in the Conference and interest in our palm oil market. This event is aimed at fostering a working relationship between the two countries to support Government-to-Government initiatives and promote the oils and oilseeds markets together with the Ministry of Plantation Industries & Commodities Malaysia. It is also designed to facilitate the import and export of palm-related products between Malaysia and China via hedging mechanisms.

- **Other Institutional Events**

BMD participated at various other strategic events which included Globoil Mumbai, the International Palm Oil Conference in Bali and the PORAM Annual Forum in Kuala Lumpur. We also collaborated with CME at IDX London, FIA Chicago and FIA Singapore. In China, we embarked on a market awareness programme across four cities i.e. Shanghai, Beijing, Hangzhou and Guangzhou in April.

Financial and Operational Review

Product development initiatives

(a) New Product Facilities

The Exchange introduced the Negotiated Large Trades (NLTs) facilities to the marketplace on 30 November 2011, in response to market demand for ease of matching large trades with a single price. The physical delivery support infrastructure and processes for our crude palm oil futures contract were rationalised during the year. The Exchange also embarked on attracting new Port Tank Installations with a view to securing a healthy pipeline of storage infrastructure as preparation for the eventual launch of other palm oil Derivatives contracts.

(b) Products in Progress

The Exchange is working on new products which will complement our equity derivatives marketplace. We continued with regular product briefings to our regulators, TPs, fund managers, retail investors and other users.

Educational efforts

As part of our educational efforts, the Exchange together with the SIDC and a local university collaborated to facilitate the incorporation of SIDC's derivatives module into the university's degree programmes. The module has been approved for inclusion in the university's finance and banking related degree programme, with the first intake to be admitted in 2012. This initiative of bringing talent into the Derivatives market cannot have taken place at a better time, as a pipeline of talent and sales personnel are critical to leverage on the momentum gained and achieve the growth potential for derivatives as envisaged by the second Capital Market Master Plan.

Islamic Markets

In the year under review our focus was on expanding our client base in support of our mission to promote Bursa Malaysia as an international Islamic fund-raising centre. Our attention was directed towards both Bursa Suq Al-Sila' (BSAS) and capital markets through Sukuk Listings. BSAS progressed quite aggressively with 22 new members in 2011 (15 local and 7 foreign participants) with an ADV of RM1.2 billion daily.

On the capital markets front, Bursa Malaysia retained its leadership position for the third consecutive year, as the premier Sukuk listing destination with 19 programmes by 17 issuers totalling USD29 billion Sukuk programmes listed. In July 2011, we welcomed the largest dual-tranche global sovereign USD Sukuk by Wakala Global Sukuk Berhad on the Exchange. In addition to the listing, we also facilitated the issuance of 10 Sukuk and Term Notes this year on BSAS.

Bursa believes that Islamic markets present great potential because of Malaysia's leadership in global Islamic financial products and services. As such, investments in human capital and other resources are being undertaken in preparation to seize the opportunities in the future.

Bond Secondary Market

On the secondary market, over-the-counter trading remained the bond trading preference. Thus there were no online trading activities via the Order Matching and Negotiation module of the Electronic Trading Platform for 2011.

The Labuan International Financial Exchange

LFX recorded five new listings in 2011, bringing the total number of listed instruments to 30. The most significant listing was the USD 2.0 billion Wakala Global Sukuk Berhad issued by the Malaysian Government, which was listed on 7 July 2011. The market capitalisation of the LFX stood at USD18.98 billion at year end 2011.

LFX	2011	2010	Movement
Market Capitalisation (USD billion)	18.98	19.2	-1.14%
No. of Listed Instruments	30	28	7.1%

Human Capital

People are our greatest asset. We recognise the importance of talent to the success of any business enterprise. We also recognise the necessity of subscribing to a set of core values which reflect the basic beliefs that we must embrace as an organisation to sustain our growth and success. Our five core values are depicted below:

Building Relationships

- ▶ We strive to build mutually beneficial relationships with all our stakeholders
- ▶ Building strong relationships with our fellow colleagues towards realising company goals and objectives
- ▶ We have a sense of urgency in our service levels

United to Achieve

- ▶ We are one organisation and work as a team towards common goals
- ▶ We encourage information sharing and ideas to achieve our goals
- ▶ We believe in mutual respect and trust in one another
- ▶ We are strengthened by our diversity (gender, race, experiences and views)

Responsibility

- ▶ Honesty and Integrity in our conduct and practices
- ▶ Trustworthy and genuine in all our dealings
- ▶ We maintain fair, transparent and orderly markets with prudent risk management
- ▶ We take charge and are accountable for our own actions
- ▶ Collectively we look towards building a socially responsible organisation

Simplicity

- ▶ We strive towards simplicity in processes and structures that enable us to make decisions quickly, rapidly transforming ideas into results
- ▶ We encourage innovation and promote creative and efficient ways of doing business

Agility

- ▶ We will accept, as well as respond to, changes as we move along
- ▶ We are enterprising by proactively identifying and pursuing opportunities for new products, services and business practices
- ▶ We are results-oriented with the drive and passion to succeed
- ▶ We are committed to self improvement and personal excellence

Human Capital

Over the years we have continued to embed these core values into Bursa Malaysia by implementing employee-engagement activities around them. Our results are monitored through annual employee-engagement surveys through which we are able to gauge any shifts in awareness and understanding of our values.

While organisational culture and values form an important part of our efforts to nurture a high-performance work environment, in 2011, Bursa Malaysia identified five Strategic Thrusts to reposition the Exchange and to guide our immediate future directions. As the journey begins with internal transformation, the Group Human Resources Division (GHR) has been actively preparing employees to be the enablers of business success through various programmes and initiatives to help our people adapt and succeed in a new high-performance, results-driven work environment.

In this regard, we have also invested in reviewing and redesigning our HR and talent strategies in the year under review, in order to sharpen our focus on acquiring, developing, deploying, engaging and retaining employees with the right attitude, skills and abilities to support our transformation strategies.

Meanwhile, we recognised the need to create an environment where mutually-beneficial relationships thrive. Such an environment requires a business partnership with our people. The creation of an appropriate work culture and ethics to support our vision for a satisfying and enriching work environment is an ongoing process.

PEOPLE DEVELOPMENT

In support of our stated objectives to deploy the right people as enablers of growth, we continued to promote learning and education throughout the organisation in the year under review. Targets have been set for all employees to achieve an average of three learning days per year by attending various courses organised either internally or externally. As of 31 December 2011, the average learning days per staff was 6.25 days. We noted an increased interest in learning activities amongst our employees as a result of our renewed commitment towards skills development.

This took the form of the leadership development framework and the newly-defined Bursa Leadership core competencies which GHR relied upon to plan for the 2011 Learning Calendar to enhance the leadership competencies and capabilities of our employees. Our leadership competencies model has been developed and formalised based on well-researched prototypes. All our succession management programmes, interventions and other management development courses were based on this model as the basis to develop people effectively and ensure they are fully-aligned to our business needs.

Training continued in the year under review through internal programmes where the focus was on soft skills, and external programmes where the emphasis was on technical and functional skills. An active Learning Calendar ensured staff was able to identify courses to meet their needs. To ensure knowledge transfer post-training, participants who attended training courses overseas were required to conduct knowledge-sharing sessions with their colleagues to share their learnings and experiences within one month of each programme's completion.

Another key tool was the launch of our learning roadmap which was introduced in 2011 to enable staff and their supervisors to discuss and identify, in consultation with one another, the learning needs of all employees in both functional and leadership skills development.

The above were some of the initiatives taken in the year under review to better manage and develop our people in pursuit of our goal to be a world-class workforce. Going forward, we will continue to progressively implement our people-development initiatives introduced in 2011 as a foundation on which to develop and manage our talent pool with a focus on both leadership and functional competencies.

CREATING A SUSTAINABLE WORKFORCE

Under our succession and talent management initiatives, a second phase of talent profiling was successfully carried out in 2011. The talents identified have been briefed on their areas of development and strengths that they should leverage on, in order to achieve their maximum potential. Learning programmes for leadership development, in particular, have been earmarked for the talent pipeline.

In 2011, we further nurtured the growth of the talent pool by embarking on a career conversation programme for talent development, which is an institutionalised approach to encouraging managers to have formal and constructive discussions with their staff on their career aspirations and professional future. GHR facilitated the process by providing managers' toolkits to guide the discussions and holding townhall sessions to explain the programme and help maximise the opportunities. The tangible output of these career conversations were Individual Development Plans (IDP) which will form the basis for the career development of all our staff over the short and medium term.

The GHR also stepped up its efforts to mobilise internal talents to fill up positions which fell vacant during the year under review. This was a conscious move to advertise key vacancies internally and to deploy talents in suitable positions across the organisation. While some of these movements were lateral transfers, others were promotions and offered growth opportunities to many employees. We believe this initiative to be a valuable part of the broader succession-planning effort as several identified talents have moved up to next-level positions that fell vacant in 2011.

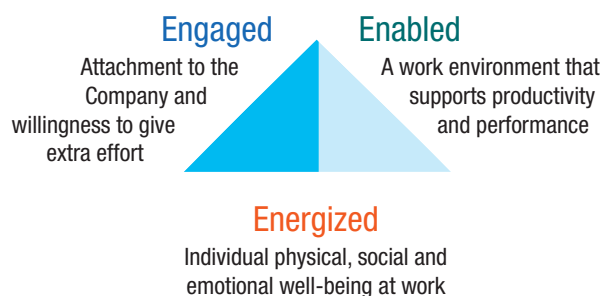
Meanwhile, our Trailblazer Programme continued with a fresh batch of nine Management Associates (MA). These comprised graduates from local and foreign universities having CGPA scores of 3.5 and above. The programme consisted of an 18-month job-rotation cycle, which placed the MAs on a "Fast Track" for their career development in Bursa Malaysia. As part of the programme, the MAs are also undergoing the Certificate in Finance, Accounting and Business qualification (CFAB) from the Institute of Chartered Accountants in England and Wales (ICAEW). A business qualification under ICAEW, the certificate can be used as an entry route into the ACA programme.

In 2011 we continued with our cross-fertilisation initiative whereby talents were seconded to other relevant organisations to enhance their best practices and expand their skills and knowledge.

We are pleased to report that for the year 2011, Bursa Malaysia's ranking in Malaysia's Leading 100 Graduate Employers Survey moved up from 41 to 22. This ranking was voted by students and graduates from local and foreign universities who undertook their internships with us. We remain committed to our internship programme as we believe in providing on-the-job training opportunities to undergraduates to facilitate their future employment. A total of 59 students from both local and foreign universities were provided with internships at Bursa Malaysia in the year under review.

EMPLOYEE ENGAGEMENT

Building and sustaining employee engagement takes perseverance and endurance. Nevertheless, GHR continued with these activities in 2011 to create a workplace where our 599 employees consistently go the extra mile and perform beyond expected levels to help the organisation achieve its business goals. We kept our focus on three aspects, mainly to engage our employees, to enable them to perform and also to energise them, as depicted in the chart below.



In November 2011 we completed our fourth Employee Engagement Survey (EES), an annual online poll which gauges employee sentiment as measured by several indicators or dimensions. The response rate of 97% was better than average of companies in Malaysia, and it was also our highest since 2008. The resultant Employee Engagement Index (EEI) has shown that employees feel much more engaged than previously in 2010, with a 12% improvement over the earlier index. The 2011 EEI also shifted positively over last year in various other key dimensions including leadership, career development and empowerment, and internalisation of core values. While the findings reflect the initiatives taken during the year, areas of further development have been noted and will be the basis of ongoing efforts by GHR in 2012. To augment the annual EES, Bursa Malaysia continues to conduct small-group workshops and townhall sessions to address ongoing employee concerns.

REWARDS AND PERFORMANCE MANAGEMENT

Bursa Malaysia adopts a pay-for-performance philosophy. Therefore, the rewards structure is designed to recognise contributions towards the achievement of organisational, divisional and individual objectives which correspond to actual performance levels. Our base salary structure is supported by broad salary ranges to allow sufficient pay progression to attract high-calibre employees and retention of our key talents, whilst the competitiveness of our rewards programmes is analysed via benchmark studies and by adopting market best practices which are suited to our environment and needs.

The base salary structure is complemented by a mix of short and long-term incentives to ensure sustainable performance over identified time horizons and to ensure adequate focus on both the immediate and future successes and growth of the organisation. In 2011, a new long-term incentive plan, the Bursa Malaysia Share Grant Plan (SGP), was implemented. The SGP is an incentive tool to reward and recognise eligible employees of Bursa Malaysia and is effective for a period of 10 years from 18 April 2011.

Other forms of reward include formal and informal recognition. These have been put in place to ensure there are sufficient non-monetary related rewards for motivation and sustenance of a harmonious working environment. Formal recognition of employees is conducted annually via the "BURSA@work Awards" programme, whereby deserving employees are recognised for their commitment to the core values introduced in 2009.

Regulation

Bursa Malaysia is mandated with regulatory duties under the law, which include maintaining market integrity and protecting investors' interests in those markets in which it operates.

OUR REGULATORY ROLE

We maintain a dedicated Regulation Unit, which carries out the regulatory functions of Bursa Malaysia and we continue to remain vigilant and objective in the discharge of our regulatory role, guided by our philosophy of being balanced and outcome-based.

Our five-pronged approach in discharging our regulatory functions is shown below:



Development activities involve enhancement and review of our regulatory framework, reflected in the rules that we implement in the market. We carry out **supervision** work to monitor compliance of our rules by brokers and PLCs. **Engagement** is where we highlight issues and concerns and explore resolution of these issues with our PLCs and participants. We resort to **enforcement** action for serious breaches of our rules and, lastly, we conduct **education** programmes to enhance market understanding and provide updates on changes, if any.

In 2011, our regulatory activities in key focus areas are described below.

Development of Regulatory Framework

A balanced, effective and comprehensive regulatory framework that is benchmarked internationally is necessary for a robust and growing market. We continuously review our Rules for this purpose and should changes be required, we ensure they are made in a consultative, transparent and timely manner.

Thus, our 2011 rule amendments for listed issuers have continued to focus on enhancing protection for investors, alongside inculcating a culture of greater transparency in disclosure. In the participants' space, we accorded greater flexibility in terms of how they conduct their business and operations. At the same time, we strengthened the framework for their capital and risk management practices.

Our key rule-related initiatives included:

- Amending the Listing Requirements (LR) in order to:
 - (a) improve the quality of information for financial reporting;
 - (b) improve disclosure by listed issuers in areas of related-party transactions, poll voting, corporate proposals, boardroom/senior management/external audit announcements;
 - (c) accord greater flexibility to listed issuers in structuring share schemes for employees;
 - (d) promote greater transparency in respect of share schemes for employees which do not involve issuance of new shares;
 - (e) facilitate listed issuers to pay dividends in shares to their shareholders through a "Dividend Reinvestment Scheme"; and
 - (f) promote greater efficiency in the market by allowing listed issuers to buy back odd-lot shares through direct business transactions.
- Enhancing investor protection through amendments to the LR relating to privatisation of listed corporations via disposal of major assets.
- Expanding the categories of witnesses for CDS (and trading) account opening documents to include dealers' representatives from recognised stock exchanges, lawyers, commissioners for oath and justices of the peace.
- Liberalising the rules relating to market intermediaries outsourcing arrangements.

Efficient Capital Raising Framework

We remained committed to facilitating an efficient framework to approve capital-raising exercises by PLCs. In addition to ensuring timeliness of our approvals, we also made sure that investors were provided with adequate and material information in our announcements and circulars, to facilitate investment or voting decisions through our review of the said announcements and circulars.

Surveillance of the Market and PLCs

We undertake surveillance of trading activities on our market and use various techniques and approaches to detect activities that could undermine the operation of an orderly and fair market, such as real-time alerts from our surveillance system; analysis of orders and trades based on certain criteria; information from market intelligence; and various other analytical tools. When trading concerns are detected, we undertake various regulatory actions depending on their severity and scale.

These regulatory actions can range from engagement with the brokers, issuance of Unusual Market Activities (UMA), market alerts, designation or referral to our Investigation Division or to the Securities Commission (SC), if there are breaches of our rules or securities laws. We take a proactive stance in engaging with brokers individually and from time to time we take steps to highlight unacceptable trading practices and to discuss good trading practices. We believe such proactiveness has been effective in raising the awareness levels of brokers on the standards of business and vigilance expected.

We also conduct corporate surveillance, in that we monitor activities and developments among PLCs to detect any non-compliances with the LR.

Where concerns are flagged, we engage with the board and management of the affected PLCs, or intermediaries such as their investment advisors or auditors, to discuss corrective or remedial actions. When material non-compliances are detected, the matter will be referred to our investigation unit.

Engagement is also an important platform for us to share our expectations with the board and management of Listed Issuers. Our approach is intended to facilitate and assist PLCs in complying with the LR and to promote best corporate practices as well as to ensure greater transparency.

In addition, we also undertake thematic studies to detect emerging trends and to consider appropriate regulatory actions to address the issues or trends on an industry-wide basis. This includes issuance of directives or proposing changes to the regulatory framework.

The framework to monitor the financial condition and level of operations of PLCs is also in place, whereby we engage with PLCs and request them to take appropriate steps to address their financial condition and to ensure sustainable business practices.

Quality and Timely Disclosures

One of the key obligations of a PLC is to disclose information material to investors to enable the latter to make informed investment decisions. We adopt a variety of approaches in ensuring that PLCs discharge these obligations, such as imposing mandatory requirements in the LR for disclosures, providing guidance to aid understanding of the types and extent of disclosures required, issuing queries for additional disclosures and engaging directly with the directors, senior management, auditors and investment advisors of PLCs to communicate our expectations.

In 2011 we:

- made several changes to the LR, mainly to strengthen disclosure practices in financial reporting and governance;
- issued a Corporate Disclosure Guide (CDG) explaining disclosure obligations in the LR;
- engaged with 307 listed companies and 58 advisers highlighting areas of disclosure that could be further improved;
- issued 466 announcement queries requiring PLCs to provide additional information or clarification in respect to their corporate announcements, to clarify 80 media queries, deny or confirm rumours or reports about material information not previously disclosed as well as to query 28 UMAs aimed at procuring further disclosure in instances of unusual price or volume movements not accompanied by any corporate developments;
- made referrals to our investigation and enforcement unit for suspected LR breaches in respect to disclosures; and
- embarked on advocacy programmes for disclosure requirements targeted at CEOs and CFOs of PLCs.

Regulation

Corporate Governance Standards and Sustainability Practices

We continued to prioritise the enhancement of standards of Corporate Governance (CG) and sustainability practices by the Boards of PLCs in Malaysia. In 2011, therefore, we made changes to the LR to strengthen the framework for CG.

Additionally we adopted various 'soft approaches' to influence PLCs to enhance their CG and sustainable practices. This influence was exerted either directly through engagement with directors and senior management of PLCs, or indirectly through engagement with parties that have an influence on these PLC boards such as major institutional investors, professional bodies and industry associations. As an example, we engaged with local institutional investors to encourage them to take a leadership role in governance by exercising responsible ownership and ensuring responsible boards.

Bursa Malaysia acknowledges the important role played by 'gatekeepers', such as company secretaries, corporate advisors, internal auditors, external auditors and others, in influencing and improving the culture of governance among PLCs. We work closely with professional and industry organisations instrumental in fostering good CG practices.

Standards of Business Conduct by Brokers

Our supervisory framework for market participants was established to ensure that participants comply with the requirements of the Rules not only in form but in substance. Continuous adherence to high standards of business conduct promotes market confidence.

Our supervisory approach is a risk-based approach, in that we maintain our focus on areas and brokers that are of significant risk. When we detect concerns or suspected breach of our Rules, we address them in a meaningful way to achieve a long-term regulatory outcome. We also proactively engage with the brokers on a one-on-one basis to discuss how best to rectify and correct these areas of concern or breach. We listen, guide and often recommend solutions.

We remain alert to developments that could potentially impact the business of our participants. In this respect, given the global market conditions in 2011, we enhanced our monitoring of participants' capital adequacy requirements. With respect to supervision of trading by participants, we undertook a thematic review of controls practised by the participants in their trading activities to ensure that relevant internal controls were in place and supervised their implementation. Following the review, participants made changes and improvements to these internal controls.

No financial failure of any participant and no industry-wide breaches were detected in 2011. As at 31 December 2011, the industry average for Investment Banks' Risk Weighted Capital Ratio (RWCR) was above the minimum requirement of 8%. The industry average for Non-Investment Banks' Capital Adequacy Ratio (CAR) was 11.19 times against the minimum requirement, which must be above 1.2. The industry average Adjusted Net Capital for derivatives brokers was RM14.54 million as at 31 December 2011, which is above the minimum requirement.

Enforcement Activities

We carry out enforcement proceedings and actions for material breaches of our Rules, which impact market integrity or investors. For less serious breaches, we issue warnings or a caution. In addition to imposition of penalties, we also provide an avenue for remedial or corrective actions (where possible) to be undertaken by the errant parties. Through these enforcement actions, we aim to deter future breaches, educate market participants and promote a better culture of compliance.

From time to time we also review our enforcement policies and guidelines to enhance the effectiveness (and the deterrence) of our actions to build a compliance culture amongst our regulated entities.

In our assessment of our enforcement activities, we noted a declining trend since 2008 in the number of delays in regard to submission of financial statements, and deviation of the financial figures reported (i.e. profit and loss) between the audited and unaudited accounts, i.e. about 44% reduction for delay and 33% for deviation. We also noted that 99.6% of PLCs had adhered to the timeframe stated in the LR for issuance of financial statements. The above was a result of regulatory activities including enforcement aimed at encouraging compliance.

Transparency in our enforcement actions is also important as it informs the market of the range of actions that we take as well as promotes market confidence. As such, we post information on common breaches of our Rules on our website. In cases where the enforcement actions are published in the media, we set out the basis for the findings of the breach and provide a rationale on the imposition of the relevant penalties.

As at 31 December 2011, the total enforcement actions for various breaches of the LR amounted to 108, involving 26 PLCs, 57 directors and 2 advisers.

Details of the enforcement actions taken in 2011 are set out below.

Type of Action Taken#	PLCs	Directors	Total
Public Reprimand and Fine	–	59	59
Public Reprimand	27	6	33
Private Reprimand	13	3	16
Total	40	68	108
Total Fines Imposed (RM)	–	3,430,000	3,430,000

As for violations of our Business Rules, enforcement actions were instituted against participants, their dealer representatives and agents. The total number of sanctions was 162 in 2011 and included reprimands (both public and private), striking off and fines amounting to RM911,700.

Type of Action Taken#	POs/ SCPs	DRs/ RPs	ADAs	TPs/ DCPs/ FBRs/LPs	Total
Reprimand (Public/Private) and/or Fine and/or Suspension/Striking off	–	10	–	–	10
Private Reprimand and/or Fine	17	55	1	13	86
Caution	31	3	11	21	66
Total Sanctions	48	68	12	34	162
Total Fines Imposed (RM)	213,900	682,800	0	15,000	911,700

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.

POs/SCPs – Participating Organisations/Securities Clearing Participants

DRs/RPs – Dealer's Representatives/Registered Persons (Securities)

ADAs – Authorised Depository Agents

TPs/DCPs/FBRs/LPs – Trading Participants/Derivatives Clearing Participants/ Futures Brokers' Representatives/Local Participants

Regulation

Utilisation of Fines and Transfer Fees

The fines collected from our enforcement actions and the transfer fees collected from the transfer of DRs between POs are segregated and used to educate market participants as well as investors and to defray legal or court expenses related to enforcement actions. Below is the summary of the utilisation of fines and transfer fees in 2011:

Utilisation of Fines and Transfer Fees	RM'000
Balance as at 1 January 2011	9,543
Fines and transfer fees collected during 2011:	
• Fines received	3,533
• Transfer fees (Transfer of Dealer Representatives Between POs)	1,588
	5,121
Fines and transfer fees utilised:	
• Education and training of market participants and investors	798
• Legal expenses relating to enforcement actions	744
• Bank charges	1
	1,543
Net Fines/transfer fees for the period	3,578
Balance as at 31 December 2011	13,121

Education and Awareness

Bursa Malaysia educates PLCs and brokers regularly on requirements of our LR and Business Rules with a view to enhance their understanding of the application of such rules and requirements.

The education programmes we undertook in 2011 were focused on addressing:

- issues or emerging trends noted from our supervision and surveillance activities as well as from our day-to-day administration of the Listing Requirements and the Business Rules;
- key areas for brokers and PLCs; and
- desired practices and standards in the business of the brokers and the PLCs, in particular those relating to internal controls, governance and risk management.

In 2011, 3,369 participants attended the various educational programmes that we organised for directors, CEOs, CFOs, institutional investors, fund managers, brokers and their representatives.

The programmes for the dealers' representatives and futures brokers' representatives are accredited by the Securities Industry Development Corporation (SIDC) under its 'Continuing Professional Education' (CPE) scheme. CPE points are awarded to participants for attending these programmes.

In the space of PLCs, we continued with our industry education programmes via half-day governance programmes and advocacy sessions. These have received encouraging responses from directors and industry professionals.

Our annual 'CG Week' which featured topics such as board governance, risk and control environment and conflicts of interest, provided a platform to create awareness and share information about important CG issues with directors.

To further guide directors on their duties and how to discharge them, Bursa Malaysia translated the Corporate Governance Guide: Towards Boardroom Excellence (CG Guide) into Bahasa Malaysia and Mandarin. Bursa Malaysia also organised a series of half-day Sustainability Sessions for Directors, the objective of which was to familiarise directors with good practices for sustainable business growth and discuss practical applications of sustainability across various industries.

Technology and Systems

Technology is one of the key enablers at Bursa Malaysia and plays a vital role in providing a stable and efficient environment to support business growth. Therefore, we continually invest in our Information Technology systems to ensure their reliability, efficiency and accessibility for the convenience of our market participants.

INVESTMENTS IN ENHANCING MARKET EFFICIENCIES

In the year under review, we continued our investment in technology with a clear focus on market accessibility, high capacity and consistent system performance. We also maintained 100% availability for the mission critical systems supporting our trading, clearing, settlement and depository functions and are pleased to report that we have not breached our capacity levels for trading, post-trading and network infrastructure.

We embarked on the new Derivatives Clearing System (DCS) for roll-out early in 2012 to deliver higher capacity and better performance. Meanwhile, as part of our continuous effort to liberalise technology solution choices for participants, we plan to retire the securities broker front-end system, WinSCORE, in 2012. This will pave the way for participants to acquire their own solutions and thereby be positioned more competitively to offer their clients more varied broker services.

CO-LOCATION SERVICES

Since Co-Location (COLO) services were introduced in 2009, we have seen an additional three clients, bringing to six the number of clients for this year. COLO allows subscribers to place their order management systems next to the host trading system of Bursa Malaysia, thereby facilitating quicker access to market data and trade execution. There has been positive feedback on the benefits derived from this service.

IT GOVERNANCE

Under IT governance, we embraced the IT Infrastructure Library (ITIL), a best-practice standard for IT operations, as part of our continuous improvements in technology. We enhanced two key processes, namely Incident Management and Change Management, where we focused on awareness, retraining and advocating full compliance with these processes. Incident Management helps us restore normal service operations as quickly as possible in the event of any disruption to business operations, while Change Management ensures all system changes are properly planned and prioritised and risks evaluated before implementation.

To further enhance IT Governance, an Information Security Management System (ISMS) was implemented in 2011 for Securities trading. We also took measures to ensure staff were sufficiently trained to facilitate the resolution of technology matters efficiently and speedily. In a dynamic environment like ours, it is essential for employees to not only champion technology but also develop their IT skills, even as they elevate their business acumen. Hence, a series of learning and growth experiences were planned and delivered during the year to improve their competency levels and performance.

Investor Relations

Effective communication and regular engagement with investors are important to the Investor Relations function at Bursa Malaysia, in accordance with the expectations of the Malaysian Code of Corporate Governance. Being at the centre of changes in the global capital market environment, and undergoing a period of transformation ourselves, Bursa Malaysia is committed to engaging with the investment community to keep the latter fully informed of our business operations and activities under all conditions and environments.

OUR COMMITMENT

While Bursa Malaysia may be viewed as a regulator, we remain aware of our roles and responsibilities as a listed entity, which means that we must exercise good corporate governance even more diligently to ensure we set a good example to other issuers. Recognising that access to timely information is vital to our investors, we use an array of channels through which we disseminate current, material and price-sensitive information to enable our investors to make informed decisions. We continue to keep our investors and other stakeholders engaged regularly through a series of roadshows, meetings, briefings, and announcements, culminating in the Annual General Meeting.

As part of the continuing effort to stay in touch with our stakeholders, Bursa Malaysia has in the year under review engaged with more than 139 investors in Kuala Lumpur, Singapore, Hong Kong and the United States. There are 19 analysts from local and foreign houses providing coverage for Bursa Malaysia. As at 31 December 2011, Bursa Malaysia had 32% of its call ratings as Buy, Outperform or Overweight; 47% as Hold, Neutral or Market Perform; and 21% as Sell. Analysts have an average target price of RM7.00 on our stock.

IMPROVEMENTS AND RECOGNITION

We strive to be among the best in our class and constantly benchmark ourselves against our local, regional and global peers. One of the ways in which we do this is to participate in the IR Global Rankings, an annual ranking system for investor relations websites, online annual reports, corporate governance practices and financial disclosure procedures. In the year under review, we were pleased to have secured three awards for the Asia Pacific Region for Best Online Annual Report, a bronze award in the Investor Relations Website category, and another award for Outstanding Corporate Governance.

Maintaining a fast, efficient and content-rich website is crucial to successful communication today and we continued to make improvements to ours. In addition to the many enhancements to our Bursa Malaysia website this past year, we improved the content and features of our IR portal, striving always to provide a more user-friendly and interactive experience wherever possible. For our Annual General Meeting this year, we made available a webcast viewable on our IR Portal, in addition to webcasts for our half-year and full-year results briefings. Investors are encouraged to visit the Company's IR portal for easy access to the online Annual Report, Q&A library, and complete series of historical financial results data as well as copies of presentations given to shareholders and analysts.

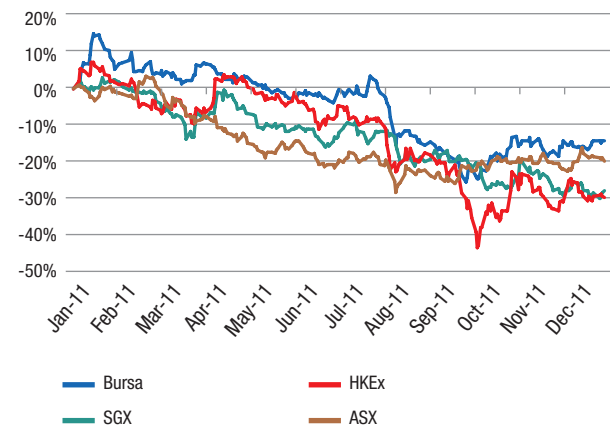
BURSA'S PERFORMANCE ON THE CAPITAL MARKET

The Company's share price as at 31 December 2011 was RM6.70, representing a 14% decline over the year. The beginning of 2011 witnessed an exuberant start with market average daily trading value (ADV) averaging RM2.6 billion in the month of January, where Bursa Malaysia's share price hit a 52-week high of RM9.02 on 17 January 2011. The following months saw volumes taper and decline, reflecting global and regional sentiments.

On 5 August 2011, global markets suffered a shock as the United States experienced its first downgrade in history after Standard and Poor's cut its credit rating from AAA to AA+. Global markets were sent into a tailspin and the share price of Bursa Malaysia and other regional exchanges was impacted negatively. Whilst ADV recovered to RM2.0 billion in August after the sell-off, weak sentiment over concerns of global recovery as well as European sovereign debt continued to plague the markets, resulting in weakened volumes in the month of September and Bursa Malaysia's share price hit a 52-week low of RM5.76 on 26 September 2011.

In spite of the weak sentiment, Bursa Malaysia managed to post stronger results in October for its third quarter, due to higher ADV. This helped the share price to recover from its low of RM5.76 to reach RM6.70 at the end of the year.

Performance of Selected Listed Exchanges for 2011



¹ Sourced from Bloomberg

As at 31 December 2011, Bursa Malaysia's forward Price Earnings Ratio stood at 24.8x¹, in comparison to Hong Kong Exchanges and Clearing Ltd (26.0x), Singapore Exchange (20.4x) and Australian Securities Exchange (14.4x).

¹ Sourced from Bloomberg

DIVIDEND POLICY

Bursa Malaysia remains committed to giving good investment returns to our shareholders. Our policy is to pay out not less than 75% of PAT, subject to certain considerations, such as the level of available cash and cash equivalents, return on equity and retained earnings, and the projected level of capital expenditure and investment commitments.

Historically, Bursa Malaysia has enjoyed a dividend payout ratio of 90% or better.

Financial Year	Historical Dividend Payment (sen/net)		% of Dividend Payout (excludes special dividend)
2011	• Interim Dividend	13.0	95%
	• Final Dividend	13.0	
2010	• Interim Dividend	9.5	94%
	• Final Dividend	10.5	
2009	• Interim Dividend	8.8	93%
	• Final Dividend	9.0	
2008	• Interim Dividend	12.2	91%
	• Final Dividend	5.9	
2007	• Interim Dividend	23.4	91%
	• Final Dividend	18.5	
	• Special Dividend	20.4	

Note:

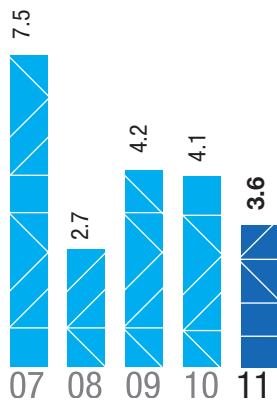
Under Section 25 of the Capital Markets and Services Act 2007, no person can acquire 5% or more of the issued and paid-up share capital of the Company without first gaining approval from the Ministry of Finance.

FOREIGN SHAREHOLDING AND MARKET CAPITALISATION

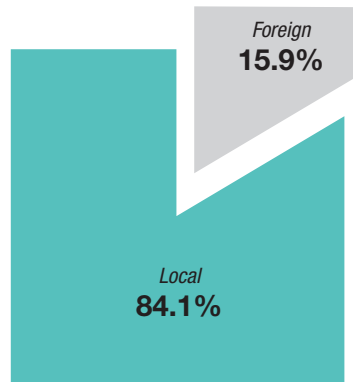
Our public shareholding of 64.93% provides a fair free float for Bursa Malaysia's shares and a good level of liquidity.

The number of depositors on the register of Bursa Malaysia was 28,273 at the end of 2011. Foreign shareholding as at 31 December 2011 stood at 15.9%, while market capitalisation declined from RM4.1 billion in 2010 to RM3.6 billion during the year.

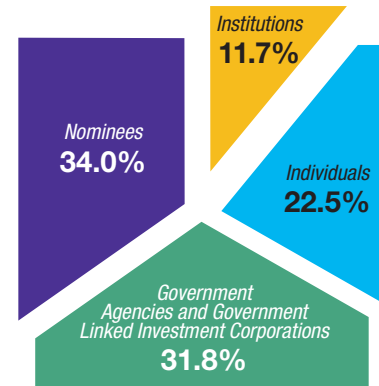
Investor Relations



Market Capitalisation
as at 31 December 2011
(RM billion)



Foreign Shareholding (%)
as at 31 December 2011



Shareholding Structure (%)
as at 31 December 2011

KEY SHARE INFORMATION

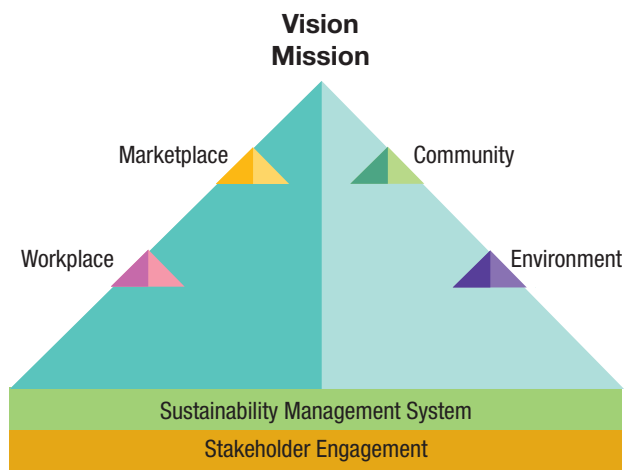
	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11
Basic Earnings Per Share (sen)	46.1	19.9	33.7	21.3	27.5
Net Dividends Per Share (sen)	62.3	18.1	17.8	20.0	26.0
Net Assets Per Share (RM)	1.49	1.39	1.59	1.60	1.62
Share Price – High (RM)	16.90	16.30	8.59	8.66	9.02
Share Price – Low (RM)	8.00	4.68	4.36	6.75	5.76
Share Price As At 31 December (RM)	14.30	5.15	7.99	7.80	6.70
Price Earnings Ratio (times)	31	26	24	37	24
Company Market Capitalisation (RM billion)	7.5	2.7	4.2	4.1	3.6

INVESTOR RELATIONS CONTACT

Bursa Malaysia adopts an open-door policy to its stakeholders. All investors are welcome to contact the IR team directly at ir@bursamalaysia.com or visit the IR section of our website, where they can subscribe for regular updates on Bursa Malaysia via email alerts and also access the quarterly newsletter.

Corporate Sustainability Statement

Bursa Malaysia is committed to building an enduring business model that takes into account the four dimensions of Marketplace, Workplace, Community and the Environment, and balances business opportunity and risk. Our sustainability strategy aims to deliver lasting value for our shareholders and stakeholders, while our sustainability management system ensures that sustainable practices are embedded throughout the organisation.



MARKETPLACE

Our role as a regulator and market operator is to ensure fairness and orderliness of our capital market. Integral to a sustainable Marketplace are a capital market of quality and integrity, an informed investment community and competitive products and services.

Internally, we have re-assessed our priorities and identified new areas of growth to drive us towards our vision as a preferred partner in Asia for fund raising, trading and investment. Our sustainability initiatives across our value chain shall help prepare us for domestic growth and regional expansion.

The following were the key Marketplace initiatives undertaken during the year:

- We continued to revitalise our markets, by improving the market's ecosystems, investing in product development, and enhancing our services, efficiency and productivity as we stepped up our efforts to internationalise our markets.
- We promoted education for market participants with educational programmes such as IPO Seminars, Market Chat, Talk Futures, "In The Spotlight" and the CBRS Research Scheme.

- We enhanced governance best practices with the issuance of a Corporate Governance (CG) Guide in Bahasa Malaysia and Mandarin, revamped business rules to strengthen standards of business conduct and efficiency for brokers and introduced new measures to enhance investor protection.
- We established a new process for the efficient management of stakeholder engagement. This new process will enable relevant staff/business units to follow-up on actionable points arising from the meetings. We also improved on our Enterprise Service Management system to manage our customers effectively.
- We further improved our risk management system, establishing crisis management processes such as procedures to manage cyber threats and attacks.
- We engaged with non-government organisations, such as Conservation International and CSR Asia, and supported various industry initiatives to further increase awareness, understanding and adoption of good CG and sustainability practices. We participated in the Carbon Disclosure Project for the first time, disclosing our carbon footprint and benchmarking ourselves against other global companies.
- We were re-certified for ISO 9001:2008, providing assurance of our commitment to continuous improvement and customer satisfaction.

At Bursa Malaysia, we believe that good corporate governance, commitment to disclosure and transparency of Economic, Social and Governance (ESG) issues can help PLCs mitigate operational risks and generate business opportunities. Therefore, we also encouraged Malaysian PLCs to integrate sustainable business practices into their business strategies, just as we have done.

WORKPLACE

Our Code of Ethics ensures that our employees engage with all our stakeholders in an ethical manner. As our employees play a vital role in the success and sustainability of our Company, we strive to create a work environment that is safe, conducive, inclusive and supportive, providing our employees with equal access to information, personal development and career opportunities.

Corporate Sustainability Statement

The Transformation Programme that we have embarked on this year will organise our resources into high-growth business units, ensuring that we have the right capabilities and capacities to ensure business sustainability. We continued to improve on our structure, processes and employee mindset to help take us to greater heights.

A number of steps were taken during the year as follows:

- (a) We enhanced our corporate governance practices with the review of our whistleblower policy and procedure, fostering an environment where integrity and ethical behaviour are encouraged and maintained.
- (b) We continued with the education of our employees on matters of safety and health by organising talks on crime prevention and cycling as a healthy recreational activity.
- (c) We made improvements in regard to employee engagement. Our revamped Employee Information Site is now a focal point for employees to access timely and comprehensive information and current developments in the Company. We also maintained other employee-engagement activities such as Coffee with the CEO, Bursa Family Carnival and various sports and recreational activities for employees.
- (d) We continued to focus on talent development by offering our employees many learning opportunities via our in-house programmes, external training programmes and our Knowledge Centre@Bursa.
- (e) We also reviewed our performance management system and compensation package to ensure we remained competitive and thereby strengthened our ability to attract and retain talents.

COMMUNITY

As a corporate entity, we interact with and impact communities in many ways. We contribute regularly to youth development through our scholarship and internship programmes and we provide support to the underprivileged and the needy through financial assistance and employee volunteerism activities. We also help improve financial literacy and capital market awareness in Malaysia through our community education activities.

Initiatives undertaken during the year under review included the following:

- (a) Our collaborative The Edge-Bursa Malaysia Kuala Lumpur Rat Race charity run continues to impact communities in need. This year's race, which saw the largest participation ever, collected RM1.9 million from 91 companies, the proceeds of which were distributed to 20 selected beneficiaries.
- (b) We empowered more youth in the community through our internship and youth leadership programmes. We trained 60 undergraduates under our internship programme and participated in the government-initiated Skim Latihan 1 Malaysia (SL1M). We sponsored students from our adopted schools and Bursa Kids to attend leadership camps. We promoted educational excellence, rewarding undergraduate students with scholarships, and provided financial awards to top-performers among students of our adopted schools and Bursa Kids who excelled in their public examinations.
- (c) We worked further to improve financial literacy by organising camps and workshops for students from our adopted schools and children from orphanages such as MoneyWise Camps, and the School Entrepreneurship Challenge.
- (d) We strengthened our connection to the community with the help of employee volunteers. A total of 2,399 volunteer hours were logged for activities such as reading programmes with HOPE Worldwide, visits to a bread factory and the Islamic Museum, a party at the Paediatric Oncology Ward at University Malaya Medical Centre and visits to 14 Rat Race beneficiaries and a home for handicapped children.

ENVIRONMENT

Although the business of a stock exchange does not impact on the environment in a significant way, we believe that every business can make a contribution towards safeguarding the environment through various initiatives such as the reduction of Greenhouse Gas (GHG) emissions. Our ISO 14001:2004 certification, received in 2007, is testimony to our commitment to continuously improve our environmental performance. We continued to promote the responsible usage of resources and the importance of environmental protection among our employees and stakeholders. We also gave priority to investments and initiatives that not only decreased our GHG emission levels, but also reduced our operational costs as well.

During the year the following activities were recorded:

- (a) We worked towards minimising our GHG emissions by implementing more energy-saving initiatives, such as replacing fluorescent light bulbs with energy-savings bulbs, reviewing our air travel policy and further educating our employees on ways to save energy. Our efforts paid off with a 4% reduction in GHG emission levels (see table below), exceeding the 3% reduction we had targeted for the year. This reduction came from three sources: electricity usage, business air travel and paper consumption.

GHG Protocol Emission Scope ⁱ	Source of Emission	GHG Emission ² (in tonnes of CO ₂ equivalent)		
		2009	2010 ³	2011
Scope 2	Electricity Usage	6,189	6,185	6,149
Scope 3	Business Air Travel	475	495	231
Scope 3	Paper Consumption	–	16	15
Total		6,664	6,696	6,395
% change		–	0.48	(4.49)

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 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 CO₂/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 the VfU Indicator 2005 emission calculator. No emission was calculated for 2009 due to the unavailability of data.

3. 2010 figures were revised to reflect the changes in our basis for calculation.

- (b) We carried out more conservation efforts through initiatives such as recycling natural spring water available within the compound of our premise for air-conditioning cooling towers and water features, and adjusting the water pressure in toilets, wash basins and pantries to slow down water outflow, resulting in significant savings in our water consumption.
- (c) We continued to educate our employees on environmental-related issues through activities such as the FunWalk@Bursa, Earth Hour and screening of award-winning green films. During the FunWalk at Bursa Malaysia's building, our employees witnessed various environmental-related initiatives that we have had in place since 2007.
- (d) We continued our carbon-offset efforts with the planting of 176 trees from six indigenous tree species at Rimba Bursa in Kepong Metropolitan Park, bringing the total number of trees planted by Bursa since 2009 to 712 trees.

MOVING FORWARD

We shall continue to champion enhanced governance measures and improved disclosure on sustainability issues among our issuers. Our plan is to introduce the ESG Index, aimed at improving sustainability practices and reporting procedures among Malaysian PLCs. As an example of such commitment, we will make available disclosure on our own internal sustainability practices and performance in our e-Sustainability Report on Bursa Malaysia website.

Corporate Governance Statement

The Board of Directors of Bursa Malaysia is pleased to present this statement to provide an insight into the Corporate Governance (CG) practices of the Company under the leadership of the Board. This statement demonstrates the Board's commitment towards keeping the corporate conscience alive through excellence in CG standards at all times.

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 development of the Company's strategy. It has in place an annual strategy planning process, whereby the management presents to the Board its recommended strategy together with proposed business and regulatory plans for the ensuing year at a dedicated session, for the Board's review and approval. At this session, the Board questions both the management and Board perspectives, and challenges the management's views and assumptions, to ensure the best outcome is derived from the process. In conjunction with this, the Board also reviews and approves the annual budget for the ensuing year, and sets the Key Performance Indicators (KPIs) under the Corporate Balanced Scorecard (CBS) covering four perspectives which are financial, customer, internal process, learning and growth. The Board ensures that the targets reflect industry trends and internal capabilities as well as provide sufficient stretch for the management.

For FY2011, the strategy planning process began at a Board offsite meeting held in October 2010, where the management presented its proposals for the Board's active review and decision. The Company's Strategy and 2011 Business and Regulatory Plans were approved by the Board in November 2010.

A mid-year review of the 2011 Business and Regulatory Plans was conducted by the Board in June 2011, where an overall assessment was made by comparing the targets as set by the Board against the actual performance year-to-date. The Board also discussed strategy implementation together with key initiatives undertaken in the first half of the year. The Chief Executive Officer (CEO), who took appointment from 1 April 2011, presented revisions to the Strategy and 2011-2013 Business Plan which were deliberated upon and approved by the Board in conjunction with its mid-year review. The revisions emphasised the importance of driving a transformation strategy with 'above business-as-usual'

initiatives, and adopting a game-changing approach towards addressing market issues, market infrastructure and product development. The Chief Regulatory Officer (CRO) also presented to the Board the Regulatory Plan for 2011-2013, together with initiatives to be taken to achieve the regulatory objectives of the Company.

In November 2011, the management presented to the Board the proposed Budget 2012 based on the approved Strategy and 2011-2013 Business and Regulatory Plans. The Board actively reviewed the sustainability, effectiveness and implementation of the strategic plans for 2011 and provided guidance and input to the management. The 2012 Budget for the Group was approved by the Board, taking cognizance of the need to continuously invest, build and grow the three main markets of Bursa Malaysia in line with the approved plans.

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

The Board is responsible for the overall management of the Company. In order to ensure the effective discharge of its function and responsibilities, the Board has established a Governance Model for the Group where specific powers of the Board are delegated to the relevant Board Committees¹ and the CEO. The Governance Model is supported by the Authority Limits Document (ALD) which clearly sets out the relevant matters reserved for the Board's approval, as well as those matters which the Board may delegate to the Board Committees, the CEO and management. The Governance Model and the ALD are reviewed as and when required, to ensure an optimum structure for efficient decision-making in the organisation.

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, business restructuring, expenditures above a certain limit, disposals of significant fixed assets and acquisitions or disposals of companies within the Group.

The Board Committees are entrusted with specific responsibilities to oversee the affairs of the Group, with authority to act on behalf of the Board in accordance with their respective Terms of Reference² (TOR). At each Board meeting, the minutes of the Board Committee meetings are presented to the Board for information. The Chairmen of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings.

- ¹ The Board Committees comprise three Governance Committees and four Regulatory Committees as set out in the Governance Model of Bursa Malaysia on page 93 of this Annual Report, which is also available at www.bursamalaysia.com, About Us-Corporate Governance section
- ² The TOR of each Board Committee, together with the names of members of the Board Committees for the term of appointment from 12 May 2011 to 11 May 2012 are available at www.bursamalaysia.com, About Us-Corporate Governance section
- ³ The CEO's job description was last reviewed and approved by the Board in September 2010
- ⁴ The Management Committee members are as set out on page 35 of this Annual Report
- ⁵ The Management Governance Framework which takes effect from 25 May 2011 comprises two committees for governance function and three committees for business operation function. It is available at www.bursamalaysia.com, About Us-Corporate Governance section

The CEO³ 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 Management Committee⁴ and other committees established under the Group's Management Governance Framework⁵. The CEO presents to the Board at each meeting a status report which includes a detailed summary of the Group's operating drivers and financial performance for each of the reporting periods. He also provides updates on key strategic initiatives and significant operational issues and reports on the Group's performance, based on the approved CBS.

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 function and provide updates on regulatory initiatives. The management also presents to the Board in the first quarter of every year, a report on the extent to which Bursa Malaysia has complied with its regulatory duties and obligations under the Capital Markets and Services Act 2007 (CMSA) during the preceding year. In March 2011, the Board reviewed the Annual Regulatory Report 2010 before the said report was submitted to the Securities Commission (SC) in compliance with Section 16 of the CMSA.

In 2011, the Board reviewed the results of two surveys conducted by independent research firms in 2010 namely, the Customer Satisfaction Survey and the Employee Engagement Survey, to assess the satisfaction level of the external and internal stakeholders of the Company, respectively. The findings of the surveys served as a guide for the Board and management in respect of areas needing improvement.

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

Through the Risk Management Committee (RMC), the Board oversees the Enterprise Risk Management (ERM) framework of the Group. The RMC advises the Audit Committee (AC) and the Board on areas of high risk faced by the Group and the adequacy of compliance and control throughout the organisation. The RMC reviews the risk management policies formulated by management and makes relevant recommendations to the Board for approval. Details on the RMC and the Company's ERM framework are set out on pages 84 to 85 of this Annual Report.

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

The Board has entrusted the Nomination and Remuneration Committee (NRC) with the responsibility to recommend candidates for appointment to the Board, Board Committees and key management positions, to determine compensation packages for these appointments, and to formulate the nomination, selection, compensation and succession policies for the Group. The Board is satisfied that the NRC, in its current form, effectively and efficiently discharges its functions in respect of nomination and remuneration matters listed separately in its TOR for the purpose of clarity. As such, there is no need to separate the nomination and remuneration functions into discrete Nomination and Remuneration committees.

In May 2011, the Board incorporated additional roles and responsibilities into the NRC's TOR, namely to implement and administer the Share Grant Plan (SGP) which was approved by shareholders on 14 April 2011. The SGP is a long-term incentive plan under the employees' remuneration structure, which replaced the employees' share option scheme that expired on 8 March 2010.

In discharging its responsibility, the NRC reviews the human resources plan of Bursa Malaysia, including the succession management framework and activities, human resource initiatives and the annual manpower budget. In November 2010, the Board approved the People Development Plan, including the 2011 budget distribution for functional/technical human resource development and talent management programmes.

In 2011, the CEO succession plan was implemented by the Board, with the support of the NRC, for the first time since the demutualisation of Bursa Malaysia. The employment terms of the former CEO, Dato' Yusli bin Mohamed Yusoff, ended on 31 March 2011. Prior to this, the NRC had considered suitable candidates for the CEO's position based on several factors including competencies, calibre and credentials set against the approved criteria which included leadership skills, strategic thinking and the ability to implement change amidst a competitive exchanges landscape. The NRC also designed the final candidate's remuneration package in consultation with an appointed external consultant, taking into account the desired pay-mix and long-term incentives to ensure a competitive package appropriate for the CEO of an Exchange.

Corporate Governance Statement

The Board approved the NRC's recommendations on the proposed candidate and the remuneration package, and on 25 February 2011, it announced the appointment of Dato' Tajuddin bin Atan as the new CEO of Bursa Malaysia after the SC's concurrence was obtained on his appointment as Executive Director in accordance with Section 10(1)(b) of the CMSA.

The NRC undertakes yearly evaluation of the performance of the key management personnel (except for the Chief Internal Auditor (CIA)) based on their scorecards, whose remuneration is directly linked to performance. For this purpose, the 2010 CBS results of the CEO and relevant senior management were reviewed by the NRC in January 2011. The CIA reports to the AC, and his performance evaluation is reviewed and determined by the AC. The CEO's compensation package is reviewed annually by the NRC after which it is put to the Board for decision.

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 practices. The Company carries out its Investor Relations (IR) activities in accordance with its stated IR Policy, which is available on its website. A separate report on IR activities is provided on pages 62 to 64 of this 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. Details pertaining to 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 81 to 83 and pages 84 to 85 respectively of this Annual Report.

2. Constituting an Effective Board

a. Board Composition and Balance

The Board of Bursa Malaysia comprises 13 Directors. Four directors are Public Interest Directors (PIDs), eight are Independent Non-Executive Directors (NEDs) and there is one

Executive Director who is also the CEO. The four PIDs are appointed by the Minister of Finance Malaysia (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 objectivity and independent judgement. Through the Directors' Self and Peer Assessment of the Board Effectiveness Evaluation (BEE), the NEDs have indicated their satisfaction with the level of independence of each of their peers and their ability to act in the best interests of the Company in decision-making. The Directors have made valuable contributions 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, public policy, regulation, business, finance, stockbroking and risk management. The profiles of every Director are set out on pages 20 to 27 of this Annual Report.

The Board is of the view that the current size of the Board is appropriate, given its unique composition comprising PIDs and taking into consideration 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 those qualities which are relevant and which enable the Board to carry out its responsibilities in an effective and competent manner.

b. Separation of Chairman and CEO

The Chairman, who is a PID appointed on 1 March 2004, leads the Board with a keen focus on governance and compliance. In turn, the Board monitors the functions of the Board Committees in accordance with their respective TORs 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.

⁶ The SID's TOR was reviewed and approved by the Board on 22 November 2011. It is available at www.bursamalaysia.com, About Us-Corporate Governance section

⁷ The contact details are set out in the Corporate Information on page 94 of this Annual Report

⁸ 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. The shareholdings of the Substantial Shareholders are set out in the Statistics of Shareholdings as at 31 January 2012 on page 187 of this Annual Report

c. Senior Independent Non-Executive Director

The Board is of the view that the Board structure, with its unique composition, would enable it to act independently and objectively, and that this is adequate to enable any concerns about the Company to be appropriately channelled for discussion and deliberation. Nevertheless, in January 2011, the Board appointed a Senior Independent NED (SID) to act as an additional safeguard and 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. In this regard, the Board appointed Dato' Dr. Thillainathan a/l Ramasamy to be the first SID for a one-year term. The SID's TOR⁶ sets out his responsibilities, which include his duty as the principal conduit between the Chairman and Independent NEDs (including all PIDs other than Chairman) on sensitive issues. The SID is also responsible to receive report(s) made by employees or external parties for the purpose of whistleblowing in the form as prescribed under the Whistleblower Policy and Procedures (WPP).

The NRC is responsible for the nomination of an SID based on established criteria. In November 2011, the Board approved the recommendation of the NRC for the appointment of Cheah Tek Kuang as an SID⁷ for a one-year term, commencing 1 January 2012.

d. Significant Shareholder

As at 31 December 2011, the Company had 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 Code⁸. In view of the composition of the Board and the calibre, expertise and experience of its members, the interests of investors including the Company's minority shareholders and the public are adequately served and protected.

3. Appointments to the Board and Board Committees

a. Appointments to the Board

The NRC, which comprises two PIDs and three Independent NEDs, has the responsibility to make recommendations to the Board for the appointment of Directors other than PIDs. As part

of this process, the NRC formulates the nomination and selection policies for the Board and reviews candidates for appointment as Directors based on their qualifications, skills, functional knowledge, experience, character, integrity and professionalism. The NRC also evaluates the candidate's ability to discharge his or her responsibilities as expected from an independent NED and whether the test of independence under the Main Market Listing Requirements (MMLR) is satisfied, taking into account the candidate's character, integrity and professionalism.

In 2011, the NRC considered the appointment of a new independent NED on the Board following the resignation of Dato' Sri Abdul Wahid bin Omar in May 2011. For this purpose, the NRC made a selection of candidates from the pool of potential directors which was established by the Board in 2010. In view of the availability of such a pool, there was no requirement for the NRC in this particular exercise to engage the services of an external adviser to identify and/or nominate suitable candidates for the Board. In its review of the candidates, the NRC also considered the overall composition of the Board and the combination of skills of existing Directors to ensure the selected candidate would help close any possible gaps in the Board. The recommendation of the NRC was submitted to the Board for its consideration and approval. In June 2011, the Board approved the appointment of Tan Sri Datuk Dr. Abdul Samad bin Haji Alias as an Independent NED and Chairman of the AC, based on the NRC's recommendation. This appointment took effect upon the SC's concurrence in July 2011.

Pursuant to Section 10(1) of the CMSA, one-third of the Board shall be appointed by the MOF in consultation with the SC, to be PIDs for a period specified by MOF. In May 2011, Datuk Puteh Rukiah binti Abd Majid was appointed by the MOF as PID in place of Dato' Tajuddin bin Atan who ceased to be a PID upon his appointment as CEO and Executive Director on 1 April 2011.

Additionally, any shareholder may propose a candidate for directorship subject to Article 71 of the Articles of Association (AA). The appointment of a candidate for directorship proposed by a shareholder will be put to vote at a general meeting and be subject to the SC's approval. In 2011, there was no such proposal received by the Company.

Corporate Governance Statement

b. Appointments to the Board Committees

The NRC is responsible for reviewing candidates for appointment to the Board Committees and makes recommendations to the Board for approval. The review is conducted on an annual basis. The NRC also reviews candidates at other times when the need arises, such as when a new Director is appointed or when the Board establishes an ad-hoc Board Committee. In determining the candidates for appointment to the Board Committees, various factors are considered by the NRC, including the results of the BEE for the Board Committees, to ensure the requirements of the committees are addressed.

c. Retirement and 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 Annual General Meeting (AGM) of the Company, where one-third of the Directors longest in office shall retire and, if eligible, may offer themselves for re-election. In this regard, the NRC is responsible for making the recommendation to the Board on the eligibility of the Directors to stand for re-election at the AGM. In determining the Director's eligibility, the NRC carries out a formal review of the performance of the Director, taking into account the results of the latest BEE, the level of contribution to the Board through each of his skills, experience and strength in qualities, his level of independence and ability to act in the best interest of the Company in decision-making. In this review, the NRC also considers the Board's nine-year policy for independent NEDs and its gradual implementation, to ensure continued effective functioning of the Board as well as to enable the progressive refreshing thereof, in line with the best CG practices.

In 2011, the Board approved the recommendations of the NRC, to support the proposed re-election of the four Directors who would retire by rotation at the AGM held on 14 April 2011. They were all subsequently re-elected by the shareholders at the said meeting.

Pursuant to Article 76 of the AA, any Director appointed by the Board shall hold office until the next following AGM and shall then be eligible for re-election. Dato' Tajuddin bin Atan, who was appointed as the CEO and Executive Director on 1 April 2011, retired at the AGM held on 14 April 2011, and was re-elected by the shareholders at the meeting.

The appointment of Tun Mohamed Dzaiddin bin Haji Abdullah as Chairman and PID was extended by the MOF for a year from 1 March 2011. Being a Director of over 70 years of age, he retired at the AGM held on 14 April 2011 pursuant to Section 129 of the Companies Act 1967 (CA), and was re-appointed by the shareholders at the meeting.

4. Board Structures and Procedures

a. Board and Board Committee Meetings

The Board of Directors convened 10 meetings in 2011, out of which eight were scheduled in advance (including one Board offsite meeting held in June 2011) and two were special meetings. The Directors' attendance at these meetings is recorded below:

Name of Director	Attendance
Tun Mohamed Dzaiddin bin Haji Abdullah (Chairman and PID)	10/10
Datuk Dr. Md Tap bin Salleh (PID)	10/10
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir (PID)	10/10
Datuk Puteh Rukiah binti Abd Majid ⁹ (PID)	6/6
Datin Paduka Siti Sa'diah binti Sheikh Bakir	9/10
Dato' Dr. Thillainathan a/l Ramasamy	10/10
Dato' Sri Abdul Wahid bin Omar ¹⁰	4/5
Izham bin Yusoff	9/10
Dato' Wong Puan Wah @ Wong Sulong	9/10
Cheah Tek Kuang	9/10
Dato' Saiful Bahri bin Zainuddin	9/10
Ong Leong Huat @ Wong Joo Hwa	10/10
Tan Sri Datuk Dr. Abdul Samad bin Haji Alias ¹¹	4/4
Dato' Tajuddin bin Atan ¹² (CEO)	9/10
Dato' Yusli bin Mohamed Yusoff ¹³	2/2

⁹ Appointed as a PID on 27 May 2011

¹⁰ Resigned as an Independent NED w.e.f. 31 May 2011

¹¹ Appointed as an Independent NED on 7 July 2011

¹² Appointed as CEO and Executive Director w.e.f. 1 April 2011, thereby ceased to be a PID

¹³ Ceased to be CEO and Executive Director w.e.f. 1 April 2011

In 2011, two meetings of NEDs were held in the absence of the Executive Director and management. At these meetings, the NEDs discussed various matters, including the overall performance of management and areas requiring improvement. The views of the NEDs were subsequently shared with the Executive Director for necessary action.

The Board's annual meeting calendar is prepared and circulated to Directors before the beginning of each year. It provides the scheduled dates for meetings of the Board and Board Committees, AGM, 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 the format as provided in the Guideline on Submission of Board Memoranda, to provide 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 well in advance, to enable them to prepare for these meetings. At Board meetings, the management presents the papers and consultants may be invited to provide further insight. The Board members are invited to provide their feedback in a form prepared by the Company Secretary on the adequacy of contents and quality of information presented by the management in these Board papers, as well as presentation skills. 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 as a participative Board. Any Director/Board Committee member who has a direct or deemed interest in the subject matter to be deliberated abstains from deliberation and voting on the same during the meeting.

The Company Secretary ensures that there is a quorum for all meetings and that such meetings are convened in accordance with the relevant TOR. The minutes prepared by the Company Secretary memorialise the proceedings of all meetings, including the tabling of pertinent issues, the substance of inquiry and response, members' suggestions and the decisions made, as well as the rationale behind those decisions. 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 decisions and/or requests at subsequent meetings. This allows the Board to perform its fiduciary duties and fulfil its oversight role via the respective Board Committees towards instituting a culture of transparency and accountability in Bursa Malaysia.

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 the effective functioning of the Board. The Directors may seek advice from the management on issues under their respective purview. The Directors may also interact directly with, or request further explanation, information or updates, on any aspect of the Company's operations or business concerns from the management.

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 for this purpose every three years, the last having been appointed in 2008. The same external consultant, PricewaterhouseCoopers Advisory Services Sdn Bhd (PwCAS), was engaged to carry out the BEE in 2011. The BEE was conducted via questionnaires, comprising a Board and Governance Committee effectiveness assessment, and a Directors' and Governance Committee members' Self and Peer Assessment. PwCAS collated the feedback obtained through completed questionnaires and interviews with Directors and thereafter summarised the findings, with the assurance of anonymity, as part of the governance review process. The NRC reviewed the outcome of the BEE as presented by PwCAS in September 2011 and agreed to recommend to the Board in October 2011 for approval of the areas identified for continuous improvement to be resolved or dealt with by the CEO, the Board and/or the NRC as an action plan.

Corporate Governance Statement

The Board's effectiveness is assessed in the areas of composition, administration, accountability and responsibility, conduct, and the performance of the Chairman and CEO. The Board, through the Governance and Regulatory Committees effectiveness assessment, examines the respective Governance and Regulatory Committees, including their respective Chairmen, to ascertain whether their functions and duties are effectively discharged in accordance with their respective TORs. The Directors' Self and Peer Assessment is intended to evaluate the mix of skills, experience and other relevant qualities the Directors bring to the Board, and takes into account the individual director's ability to exercise independent judgement at all times and to contribute 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 to 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 35th AGM in 2012. In September 2011, each Board and Board Committee member was provided with individual results together with a peer average rating on each area of assessment for personal information and further development.

d. Training for Directors

The Board takes a strong view of the importance of continuing education for its Directors to ensure they are continually equipped with the necessary skills and knowledge to meet the challenges of the Board, from time to time. For this purpose, a dedicated training budget for Directors' continuing education is provided each year by the Company. The Board has also set a policy that each Director is required to attend at least three training sessions on capital market developments in each year, to keep abreast of industry developments and trends. In addition, each Director shall further determine the areas of training that he or she may require for personal development as a Director or as a member of a Board Committee. The Company Secretary arranges for the Directors' attendance at these training programmes which are conducted either in-house or by external service providers.

In 2011, all Directors of Bursa Malaysia attended at least six training programmes. At least three of the same were on capital market developments. The development programmes included Corporate Governance, Risk Management & Audit, Leadership & Business Management, and Financial & Capital

Markets. Throughout the year, the Directors were invited to attend a series of talks organised by Bursa Malaysia together with various professional associations and regulatory bodies. Several Directors attended conferences and seminars as guest speakers, panelists or moderators. The Directors also attended the two main conferences in the capital market organised by the Company namely, the Invest Malaysia 2011 held on 12-13 April 2011 and the 22nd Palm & Lauric Oils Conference held on 7-9 March 2011. The following additional in-house development programmes were organised for the Directors in 2011:

- | | |
|---|------------------|
| • The Implication of Whistleblower Protection Act 2010 on Bursa Malaysia | 24 June 2011 |
| • Revamp of the Rules of Bursa Malaysia Securities | 21 November 2011 |
| • Amendments to the Listing Requirements (Disclosure & Others) and Corporate Disclosure Guide | 22 November 2011 |

Besides the above, the Directors attended various external programmes in 2011, amongst others, which are set out as follows:

▶ Corporate Governance

- CG and Boardroom Issues in Challenging Times, 17-18 February 2011 (*Attended by Dato' Dr. Thillainathan a/l Ramasamy*)
- Asian CG: The Future Steps, 1 March 2011 (*Attended by Datin Paduka Siti Sa'diah binti Sheikh Bakir*)
- Directors Duties & Governance 2011, 3 March 2011 (*Attended by Datuk Dr. Md Tap bin Salleh and Izham bin Yusoff*)
- CG Blueprint 2011: Towards Excellence in CG, 8 July 2011 (*Attended by Tun Mohamed Dzaidin bin Haji Abdullah and Dato' Saiful Bahri bin Zainuddin*)
- The Nomination/Remuneration Committee Programme, 18-19 July 2011 (*Attended by Dato' Dr. Syed Muhamad bin Syed Abdul Kadir*)
- Driving the CG Agenda, 28 July 2011 (*Attended by Datuk Puteh Rukiah binti Abd Majid*)

- The Role of CG in Creating Effective Boards, 25 November 2011 (Attended by Datuk Dr. Md Tap bin Salleh)
- CG: The Pillar of Business Sustainability, 29 November 2011 (Attended by Tan Sri Datuk Dr. Abdul Samad bin Haji Alias)
- Reporting on CG Practices: What do People Want to Know?, 1 December 2011 (Attended by Datuk Puteh Rukiah binti Abd Majid)
- Independent Directors are a Myth, 1 December 2011 (Attended by Datuk Puteh Rukiah binti Abd Majid and Tan Sri Datuk Dr. Abdul Samad bin Haji Alias)

Leadership & Business Management

- High Level on Better Supervision & Better Ranking in a Post-Crisis Era, 17-18 January 2011 (Attended by Cheah Tek Kuang)
- Women in Leadership Forum Asia, 22 February 2011 (Attended by Datin Paduka Siti Sa'diah binti Sheikh Bakir)
- Governance Practices for the Financial Markets in the 21st Century, 28-29 March 2011 (Attended by Dato' Dr. Thillainathan a/l Ramasamy)
- Government Transformation Programme National Key Result Area on Fighting Corruption and Promoting Integrity, 31 March 2011 (Attended by Tun Mohamed Dzaiddin bin Haji Abdullah)
- The Resurgence of Corporate Malaysia, 3-4 May 2011 (Attended by Dato' Wong Puan Wah @ Wong Sulong)
- The Board's Responsibility for Corporate Culture: Selected Governance Concerns and Tools for Addressing Corporate Culture and Board Performance, 5 May 2011 (Attended by Tun Mohamed Dzaiddin bin Haji Abdullah, Dato' Dr. Syed Muhamad bin Syed Abdul Kadir and Izham bin Yusoff)
- 21st Century Corporation: Driving Sustainable Leadership & Innovation, 6 May 2011 (Attended by Dato' Dr. Syed Muhamad bin Syed Abdul Kadir)
- Understanding Environmental, Social and Governance Indices and Their Relevance in Today's Investment Practices, 23 May 2011 (Attended by Datuk Dr. Md Tap bin Salleh)

- An Introduction to Blue Ocean Strategy, 27 June 2011 (Attended by Dato' Dr. Syed Muhamad bin Syed Abdul Kadir)
- Essentials of Fundamental Analytics 1: Analysing Company Performance, 7 August 2011 (Attended by Ong Leong Huat @ Wong Joo Hwa)
- Forbes Global CEO Conference: At The Crossroads, 12-14 September 2011 (Attended by Cheah Tek Kuang)
- Converge, Transform, Sustain: Towards World Class Excellence, 2-3 November 2011 (Attended by Tan Sri Datuk Dr. Abdul Samad bin Haji Alias)
- Sustainable Leadership: Standing Apart From Others, 30 November 2011 (Attended by Tan Sri Datuk Dr. Abdul Samad bin Haji Alias)

Risk Management & Audit

- Assessing the Risk and Control Environment, 24 March 2011 / 22 August 2011 (Attended by Datuk Dr. Md Tap bin Salleh, Dato' Dr. Syed Muhamad bin Syed Abdul Kadir, Datin Paduka Siti Sa'diah binti Sheikh Bakir and Tan Sri Datuk Dr. Abdul Samad bin Haji Alias)
- Governance Framework in Financial Institutions, Enterprise Risk Management & Oversight and Financial Reporting Problems, 3-4 May 2011 (Attended by Dato' Dr. Thillainathan a/l Ramasamy)
- The Institute of Internal Auditors International Conference 2011: Standing Tall, 10-13 July 2011 (Attended by Izham bin Yusoff)
- Audit Committee (AC) Effectiveness: Winning Practices & What Works Best, 12 July 2011 (Attended by Datuk Dr. Md Tap bin Salleh)
- Improving CG in Malaysian Capital Markets: The Role of the AC, 11 August 2011 (Attended by Datuk Puteh Rukiah binti Abd Majid and Tan Sri Datuk Dr. Abdul Samad bin Haji Alias)
- Internal Audit, Internal Control & Compliance Conference 2011: Nexus between AC Board and Internal Audit in Discharging Effective Governance, 12-13 September 2011 (Attended by Datuk Puteh Rukiah binti Abd Majid, Izham bin Yusoff and Tan Sri Datuk Dr. Abdul Samad bin Haji Alias)
- Black Hole of Assurance: Is Your Board and AC Aware of the Black Swans, 4-5 October 2011 (Attended by Datuk Puteh Rukiah binti Abd Majid)

Corporate Governance Statement

- Risk Management & Internal Controls: Are the Boards Aware What They Are Up Against?, 2 December 2011 (Attended by Tan Sri Datuk Dr. Abdul Samad bin Haji Alias)

Asia Pacific Markets & Regional Cross-Border Offering of Investment Management Products, 2 December 2011 (Attended by Tun Mohamed Dzaidin bin Haji Abdullah)

Financial & Capital Markets

- Introduction to Islamic Banking and Finance, 15 January 2011 (Attended by Ong Leong Huat @ Wong Joo Hwa)
- Invest Malaysia in Abu Dhabi 2011, 30 January 2011 (Attended by Datin Paduka Siti Sa'diah binti Sheikh Bakir)
- Industry Dialogue on Capital Market Masterplan, 21 February 2011 (Attended by Dato' Saiful Bahri bin Zainuddin)
- Global Investment Forum, 15 July 2011 (Attended by Tun Mohamed Dzaidin bin Haji Abdullah)
- Joint High Level Conference on Islamic Finance, 18 July 2011 (Attended by Dato' Tajuddin bin Atan)
- Economic Outlook on Banking Sector, 26 July 2011 (Attended by Dato' Saiful Bahri bin Zainuddin)
- Organisation of Islamic Cooperation Member States Stock Exchange Forum: Capital Market Linkages and Technology, 17-18 September 2011 (Attended by Dato' Tajuddin bin Atan)
- 51st General Assembly of the World Federation of Exchanges, 11-16 October 2011 (Attended by Dato' Tajuddin bin Atan)
- 1st Asian Central Banks' Watchers Conference: Asian Perspectives on World Finance, 1 November 2011 (Attended by Dato' Dr. Syed Muhamad bin Syed Abdul Kadir, Cheah Tek Kuang and Ong Leong Huat @ Wong Joo Hwa)
- 16th Malaysian Capital Market Summit: The New Normal After the Global Financial Crisis – Capitalising on Transformation Opportunities, 24-25 November 2011 (Attended by Datuk Puteh Rukiah binti Abd Majid)
- ASEAN Capital Markets Forum: Group of Experts Meeting, 25 November 2011 (Attended by Dato' Dr. Thillainathan a/l Ramasamy)
- International Organisation of Securities Commissions Asia-Pacific Regional Committee Seminar: Regional Challenges and Risks Facing

All Directors, including the newly-appointed Datuk Puteh Rukiah binti Abd Majid and Tan Sri Datuk Dr. Abdul Samad, completed the Mandatory Accreditation Programme (MAP) prior to 2011. In 2011, the new Directors attended the formal and tailored induction programme organised by the Company Secretary which included a briefing on the Group's structure, business and governance processes by the Senior Management. They were also provided with a Directors' manual containing the Group's Governance Model, Board TOR, Directors' Code of Ethics and other applicable policies, guidance or guidelines for their easy reference.

An offsite development session was held on 8 September 2011, for the Listing Committee to discuss common areas of breach, proposed enforcement actions and policies, as well as related issues and challenges. The Market Participants Committee also held an offsite development session on 13 October 2011, to deliberate on its enforcement policies, enforcement impact in regard to key breaches, as well as related issues and challenges.

DIRECTORS' REMUNERATION

1. Level and Make-up of Remuneration

The current remuneration policy for the NEDs comprises the following:

a. Directors' Fees

The sum of RM90,000.00 per annum for the Chairman and RM60,000.00 per annum for each NED of Bursa Malaysia (as approved by the shareholders at the 33rd & 34th AGM for FY2009 and FY2010 respectively).

The Board did not recommend any increase in the Directors' Fees for the Chairman and NED in respect of FY2011, for which shareholders' approval would be sought at the forthcoming 35th AGM.

¹⁴ Information on the composition, number of meetings held and attendance at meetings of all Board Committees is set out on page 95 of this Annual Report.

b. Meeting allowance for each Board or Board Committee¹⁴ meeting attended by a NED

- RM3,000.00 for the Chairman of the Board;
- RM1,500.00 for other members of the Board;
- RM1,500.00 for the Chairman of a Board Committee; and
- RM1,000.00 for other members of the Board Committees.

The meeting allowance is also applicable to ad-hoc Board Committees, Tender Evaluation Committee or any other committee which the NEDs are invited to attend pursuant to the Company's policy and procedures.

c. Benefits-in-kind and Emoluments

NEDs are not entitled to participate in the SGP of Bursa Malaysia or any incentive plan for employees of the Group. They are given other allowances such as travelling and mobile phone allowances comparable to other public listed companies (PLCs), particularly those in the financial sector, government-linked companies and selected stock exchanges. The Chairman is also provided with a monthly fixed allowance, revised to RM50,000.00 since 1 March 2010, in view of his wide-ranging scope of responsibilities and the fact that he does not serve on the boards of any other PLCs or market participants regulated by Bursa Malaysia to avoid conflict of interest (COI) situations.

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, who also serves as Chairman of Yayasan Bursa Malaysia, Bursa Malaysia Derivatives and Bursa Malaysia Derivatives Clearing, and as Director of all other subsidiary companies within the Group, is also not entitled to Directors' fees for his attendance at any Board meetings.

The CEO's remuneration package comprises a fixed component which includes monthly salary and benefits-in-kind/emoluments such as gratuity, company car, driver and leave passage, whilst the variable component includes short-

term incentives (STI) in the form of a performance-based bonus and long-term incentives (LTI) in the form of restricted shares and performance shares under the SGP, where applicable.

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

2. Procedure for Approving Board Remuneration

The Board has established a formal and transparent process for approving the remuneration of the NEDs and the Executive Director/CEO, whereby the NRC is responsible for reviewing the remuneration policy and making recommendations on the same to the Board for approval. In its review, the NRC considers various factors including the NEDs' fiduciary duties, time commitments expected of them and the Company's performance.

In 2011, the Board approved the NRC's recommendation to maintain the remuneration policy of the NEDs, and in this regard, a similar quantum of Directors' fees for FY2010 was approved by the shareholders at the 34th AGM.

The former CEO's bonus payment was linked to the performance of CBS results for FY2010 and the NRC, in February 2011, evaluated and determined his overall performance rating based on the same. Being also an Executive Director of Bursa Malaysia, he abstained from deliberation on his bonus payout at the subsequent Board meeting.

3. Disclosure of Board Remuneration

Disclosure of each Director's remuneration, including those of the former and current CEO, is set out in the Annual Audited Financial Statements on pages 135 to 136 of this Annual Report.

Corporate Governance Statement

SHAREHOLDERS

1. Dialogue between the Company and Investors

Bursa Malaysia communicates regularly with shareholders and investors through annual reports, 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 regularly informed of 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 and timely dissemination of information to the public generally. These briefings include a presentation, conference call as well as a Question & Answer (Q&A) session. The events are web-cast and a transcript is made available to all shareholders and investors on Bursa Malaysia's website. A detailed report on Investor Relations appears on pages 62 to 64 of this Annual Report.

2. Annual General Meeting and Extraordinary General Meeting (EGM)

Although the AGM is mandated as an occasion for shareholders, the Chairman allowed representatives of the media to attend the 34th AGM. A total of 11 out of 12 Directors were present to account to the shareholders for their stewardship of the Company. The proceedings of the 34th AGM included the CEO's presentation of the Company's operating and financial performance for 2010, the presentation of the external auditors' unqualified report to the shareholders, and a Q&A session during which the Chairman invited shareholders to raise questions pertaining to 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 shareholders the Company's responses to questions submitted in advance of the AGM by the Minority Shareholder Watchdog Group (MSWG).

Shareholders were invited to submit any additional questions they might have had via an enquiry box placed at the venue of the 34th AGM so that they could be responded to in writing after the meeting. The officers of the Company were also present to handle other face-to-face enquiries from shareholders.

All NEDs abstained from voting on the resolution concerning their remuneration. The external auditors and share registrar were on standby to act as independent scrutineers and poll administrator respectively, but there was no demand for a poll. All the resolutions set out in the Notice of the 34th AGM were put to vote by show of hands and duly passed.

In addition to the 34th AGM, an EGM of the Company was convened and held immediately upon the conclusion of the said AGM, to consider the establishment of the SGP of up to 10% of the issued and paid-up share capital of the Company and matters incidental thereto. Similarly, the Chairman allowed representatives of the media to attend the EGM. The same Directors who attended the 34th AGM were present at the EGM. The proceedings of the EGM included the presentation by the Company's external Human Capital Consultant on the rationale, key objectives, employees' eligibility, annual awards and costs for the establishment of the SGP. A Q&A session was held during which the Chairman invited shareholders to raise questions. The Directors, CEO, management team and the consultant's representatives were on hand to respond to the shareholders' queries.

The outcome of the 34th AGM and the EGM, including the detailed poll results of the EGM for Ordinary Resolutions 1 and 2 as represented by the number and percentage of shares held by the shareholders voting in person or by proxy, was announced on the same day via Bursa LINK. The minutes of both the AGM and EGM were posted in the financial section of the IR Portal, which is accessible on Bursa Malaysia's website.

Since the implementation of the e-Dividend in September 2010, Bursa Malaysia continued to keep its valued shareholders informed in its Administrative Detail, which was sent out together with the Notice of the 34th AGM, stating that the Company's representatives were available at the Service Counter prior to the commencement of the said AGM to explain the benefits and registration process of the e-Dividend.

3. Corporate Sustainability

The Board promotes good CG in the application of sustainability practices throughout Bursa Malaysia, the benefits of which are believed will translate into better corporate performance. A detailed report on sustainability activities which demonstrates Bursa Malaysia's commitment towards the evolving global environmental, social, governance and sustainability agenda appears on pages 65 to 67 of this Annual Report.

¹⁵ Tan Sri Datuk Dr. Abdul Samad bin Haji Alias's profile is set out on Page 26 of this 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 (AAFS) and quarterly financial reports and corporate announcements on significant developments affecting the Company in accordance with the MMLR.

In this respect, the AC Chairman Tan Sri Datuk Dr. Abdul Samad bin Haji Alias¹⁵, who is a member of three professional accounting organisations, together with all AC members who are financially literate, discharged his function in reviewing the financial statements of the Company in the presence of both external and internal auditors, prior to recommending them for the Board's approval and issuance to stakeholders. The CFO also formally presented to the AC and the Board details of revenues and expenditures, for review of quarter-to-quarter and year-to-date financial performance against budget. The Chairman's Message, CEO's Message and Financial and Operational Review in this Annual Report provide additional analysis and commentary on the Group's financial performance.

Bursa Malaysia together with its operating subsidiaries, i.e. securities exchange, derivatives exchange, clearing houses for both securities and derivatives exchanges, and central depository, are required to perform their financial reporting function by way of submission to the SC the respective AAFS within three months after the close of each FY in accordance with Section 127 of the CMSA. The Directors' Responsibility Statement for the AAFS of the Company and Group is set out on page 98 of this 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 framework are set out in the Internal Control Statement together with the Risk Management Statement and AC Report on pages 81 to 83, pages 84 to 85, and pages 86 to 89 of this 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 auditors and internal auditors. The CIA reports directly to the AC and is present at all AC meetings together with the internal auditors. The CEO and management only attend the AC meetings upon invitation. The CEO's attendance at AC meetings since October 2011 was upon the request of the AC to facilitate direct communication with the CEO, to seek clarification on audit issues and to obtain additional information in relation to the operations of the Group. 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 2011 to discuss management's cooperation in the audit process, sharing of information, and proficiency in the financial reporting function, in relation to appropriate accounting treatment. These meetings were held without the presence of the CIA, internal auditors, the CEO and management. The external auditors were given direct access to the AC to highlight any issues of concern at any time. Further details on the AC in relation to the external auditors are set out in the AC Report on pages 86 to 89 of this 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, conflict of interest (COI) or potential COI may arise in the course of Bursa Malaysia or its subsidiaries carrying out their respective functions for commercial reasons, or when discharging 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 both these functions operate independently of each other, and that business units within Bursa Malaysia are not in a position to influence any supervisory or regulatory decisions made by the

Corporate Governance Statement

Regulation unit. Furthermore, Bursa Malaysia has put into place arrangements and appropriate controls to identify and deal with COI matters. During the year, Bursa Malaysia conducted frequent briefings to staff to instil greater awareness throughout the organisation of its COI Guidelines. The Group Internal Audit (IA) also performed its review on compliance with certain internal processes and procedures, to ensure that conflicts were properly identified and managed.

In 2011, no COI was recorded arising from Bursa Malaysia's commercial interests vis-a-vis the proper performance of its regulatory duties.

2. Related Party Transactions (RPT)

An internal compliance framework exists to ensure that the Company meets its obligations under the MMLR, including obligations in connection with RPT. The Board, through the AC, reviews the COI which could arise from a potential RPT. 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 a Board meeting.

A list of the significant related-party disclosures between the Company and its subsidiaries, and between the Group and other related parties including relevant key management personnel for FY2011, is set out on pages 164 to 166 of this Annual Report.

3. Code of Ethics and Whistleblower Policy and Procedures (WPP)

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 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 whistleblower procedure, mainly to prevent abuse of market and price-sensitive information and also to promote integrity and ethical conduct.

The management conducted a review of the Code of Ethics for employees to enhance effectiveness of the whistleblowing mechanism and procedures. The management undertook a further review in the light of the Whistleblower Protection Act 2010 which

came into effect on 15 December 2010, and decided in July 2011 that a standalone WPP with oversight by an independent Board Committee of Bursa Malaysia Group, i.e. AC should be drawn up. Hence, the whistleblower procedure in the Code of Ethics was deleted. The AC in October 2011 reviewed the WPP together with its TOR to include its responsibilities and authority in view of its primary purpose of overseeing the implementation of the WPP. Additionally, delegation of duties to the CIA and/or designated officer(s) of Group IA for the day-to-day administration of the WPP was provided for. The WPP and the revised TOR of the AC were approved by the Board in November 2011 for implementation within the Group. The Board further decided to formalise a WPP for Directors which was approved for implementation in December 2011.

4. Dealing in Securities

The Guidance to Directors on 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 Directors' duties 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 2011, none of the Directors dealt in securities of Bursa Malaysia during closed periods, although they may have done so under exceptional circumstances where 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 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. In addition, every employee is required to submit an annual declaration that he/she has not at any time transacted in securities of Bursa Malaysia or other listed issuers in regard to which he or she is in possession of material and price-sensitive information.

COMPLIANCE STATEMENT

The Board is satisfied that in FY2011, the Company fully complied with the best practices of the Malaysian Code on Corporate Governance.

This Statement is made in accordance with the resolution of the Board dated 9 February 2012.

Internal Control Statement

The Board is committed to maintaining a sound system of internal control in the Group. The control processes were implemented by the respective units/functional groups under the leadership of the CEO who is responsible for good business and regulatory governance. The following statement outlines the nature and scope of the Group's internal control system during 2011.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for the Group's system of internal control and risk management and for reviewing the adequacy and integrity of the system. 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 mis-statement, loss or fraud.

RISK MANAGEMENT

Risk management is firmly embedded in the Group's management systems. To manage risk-taking activities and ensure they are aligned with the Group's strategic objectives and regulatory requirements, Bursa Malaysia has implemented an enterprise-wide risk-management framework to identify, measure, assess and manage risks faced by the Group. Bursa Malaysia also has an automated system to support the establishment and implementation of its enterprise risk-management process. 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 governance structure and activities are highlighted in the Risk Management Statement on pages 84 to 85 of this Annual Report.

KEY INTERNAL CONTROL PROCESSES

The Group's internal control system encompasses the following key 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 the Minister of Finance to Bursa Malaysia's Board to ensure decisions are made in the public interest.

- (b) Processes are established and set out in the Guidelines for Handling Conflicts of Interest (COI) to deal with any possible COI which may arise in the course of Bursa Malaysia performing its commercial or regulatory role. The types of COI managed by the Guidelines for Handling COI 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 Terms of Reference (TOR) which are reviewed annually.
- (b) The Authority Limits Documents 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.
- (c) The Group's Management Governance Framework which comprises two committees for governance function, and three committees for business operations function, was established on 25 May 2011 to enable good business and regulatory governance. It is set out on page 93 of this Report.

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 reviews of the Group's performance against budgets with any major variances explained are deliberated by the Board.

Internal Control Statement

- (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, aimed at reporting to the SC under Section 16 of the CMSA the extent to which Bursa Malaysia and its subsidiaries have complied with their duties and obligations under Sections 11 and 21 of the CMSA.
- (d) The CFO is required to give assurance to the Audit Committee (AC) that adequate processes and controls are in place for an effective and efficient financial statements close process in the preparation of each quarterly financial statements, including consolidated condensed financial statements, and that appropriate accounting policies are adopted and applied consistently to give a true and fair view of the state of affairs of the Group and comply with the Financial Reporting Standards.

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 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, the Group Internal Audit (IA) conducts a System Readiness Review to ensure that all the necessary due processes have been adequately considered and adhered to, prior to any product launching.

5. Audits

- (a) Through its internal audits, the 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 SIRIM QAS International Sdn Bhd 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 continuously improved.
- (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. An annual plan which encompasses planned statutory audit, recurring non-audit services and other anticipated non-audit services by the External Auditors require prior approval by the AC. The AC's approval is also required for unplanned non-audit services obtained from the current External Auditor.
- (e) The Group IA is required to conduct an assessment of the internal control system pertaining to the processes of the relevant business units/functional groups which have a bearing on the financial information of Bursa Malaysia, to ensure reliability and integrity of such information. The Chief Internal Auditor (CIA) is required to confirm whether the controls of processes which support the preparation of financial statements are operating effectively.
- (f) The External Auditors are engaged to conduct a limited review of quarterly financial results.

6. Performance Measurement

- (a) KPIs, which are based on the Corporate Balance Scorecard 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 the effectiveness and efficiency of stakeholder engagement for continuous improvement.

7. Staff Competency

- (a) Training and development programmes are conducted to ensure that staff are kept up to date with the necessary competencies to carry out their respective duties 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) In light of Malaysia's Whistleblower Protection Act 2010 which came into effect on 15 December 2010, Bursa Malaysia decided to embrace a standalone Whistleblower Policy and Procedures (WPP) to provide an avenue for staff or any external parties 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 WPP, which was approved by the Board on 22 November 2011, serves as an anti-fraud programme or internal control mechanism to mitigate the risk of fraud and to improve corporate governance by ensuring that any improper conduct committed by any employee will be exposed, when reported, and dealt with appropriately. To avoid any possible COI, the AC is appointed by the Board to oversee the implementation of the WPP and to ensure effective administration thereof by the CIA and/or designated officer(s) of the Group IA. The Senior Independent Non-Executive Director who serves as a fallback point of contact when other channels of communication are inappropriate or inadequate, is designated to receive report(s) made by employees or external parties for the purpose of whistleblowing in accordance with the WPP.
- (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 the closed period. The closed period is 30 calendar days immediately preceding the announcement of Bursa Malaysia's annual results and the interim and quarterly reports. In addition, effective January 2012, all employees are required to submit an annual declaration that they have not at any time transacted in securities of Bursa Malaysia or of other listed issuers while they are in possession of price-sensitive information relating to such listed securities.
- (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 Business Continuity Plan, including a Disaster Recovery 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 Main Market Listing Requirements, the External Auditors have reviewed this Statement and the Risk Management Statement for inclusion in the Annual Report for FY2011, 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 control. Both statements were approved by the Board on 9 February 2012.

Additionally, the 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 control in the Group.

CONCLUSION

The Board is of the view that the system of internal control 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, employees and other stakeholders, and the Group's assets.

Risk Management Statement

In accordance with Section 22 of the Capital Markets and Services Act 2007 (CMSA), Bursa Malaysia has established and maintained a Risk Management Committee (RMC) to provide risk oversight and to ensure prudent risk management of its business and operations.

The RMC is a Board Committee comprising five independent directors, including the RMC Chairman who is a Public Interest Director (PID) and who also satisfies the test of independence under the Main Market Listing Requirements (MMLR). The names of the RMC members and their attendance record are given on page 95 of this Annual Report.

In 2011, the RMC held four meetings. Matters reviewed and deliberated by the RMC were:

- (a) developments and/or emerging concerns on key corporate risks and the actions taken, or being taken, by Management to mitigate these risks;
- (b) risk assessment of strategic initiatives/projects;
- (c) pertinent operational risks and mitigation measures; and
- (d) progress and status of requisites in regard to Enterprise Risk Management (ERM) activities undertaken throughout the Group.

RISK GOVERNANCE FRAMEWORK

Bursa Malaysia has in place an enterprise risk governance framework for which the Board assumes overall responsibility, with established and clear functional responsibilities and accountabilities under three (3) lines of defence for the management of risk at Bursa Malaysia.

Senior management, inclusive of Management Committee members and the Divisional Heads, is the first line of defence accountable for all risks assumed under their respective areas of responsibility, as well as for the execution of appropriate risk management discipline in line with the Risk Management Policy approved by the Board, aided by the supporting guidelines, procedures and standards. This group is also responsible for creating a risk-awareness culture, which will ensure greater understanding of the importance of risk management and that its principles are embedded in key operational processes and all projects undertaken.

The second line of defence in the management of risk is provided by the RMC, assisted by the Corporate Risk Management (CRM) team, the members of which are collectively 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 Audit Committee (AC), assisted by Group Internal Audit. It provides independent assurance of the adequacy and reliability of the risk management processes and systems of internal controls, as well as compliance with risk-related regulatory requirements.

To ensure business sustainability, our enterprise risk management framework comprises an established and structured process for the identification, assessment, communication, monitoring and review of risks

and effectiveness of risk mitigation strategies and controls at the divisional and corporate levels. An automated system has also been implemented to facilitate risk documentation and the reporting process in regard to divisional risks.

MANAGING SIGNIFICANT RISKS

Business interruption risk

In 2011, Bursa Malaysia Derivatives (BMD) conducted two Business Continuity Plan (BCP) tests with its market participants and CME Group Inc. (CME). The first was held on 7 May 2011 with a re-test on 24 September 2011. These tested the intra-day Derivatives systems failure at the BMD main site and the activation of BMD's Disaster Recovery (DR) site.

BMD and its market participants also participated in another CME BCP test on 13 August 2011, simulating failure at the CME main site and connectivity to the CME DR site. The scope included a connectivity test from BMD's main site to the CME DR site and functional tests for trading, surveillance, market data dissemination, clearing and settlement functions.

CME was involved in all the above BCP tests, as BMD had migrated its derivatives products onto the CME Globex® trading platform since 2010. The BCP tests and the failure scenarios at both BMD and CME provided the added assurance that BMD, its market participants as well as CME, were all prepared to respond, recover and resume their critical business functions in a timely manner.

As a follow-up to the BCP test with Securities market participants on 13 November 2010, a re-test of the Securities trading function was successfully conducted on 15 January 2011 with market participants. On 19 November 2011 another BCP test involving the Securities market, Islamic markets and Bond market was successfully conducted.

With the establishment of a crisis management framework in 2010, crisis management procedures were developed by respective departments within Bursa Malaysia in 2011, including procedures to manage cyber threats and attacks.

The National Security Council has classified Bursa Malaysia as a critical national information infrastructure (CNII) organisation. Due to this, Bursa Malaysia has applied for MS ISO 27001 Information Security Management Systems (ISMS) certification in order to comply with the government's directive of February 2010 that all CNII agencies/organisations should be MS ISO 27001 (ISMS) certified within three years, i.e. by February 2013. Further, respective employees had attended relevant training and briefing sessions on the subject of Information Security as part of our staff competency development and awareness programme.

Bursa Malaysia also participated in X-MAYA 4, a national cyber crisis management exercise coordinated by the National Security Council, on 15 and 16 November 2011. In addition to exercising the workability of the National Cyber Security Response, Communication & Coordination Procedures, X-MAYA 4 also tested the capability of CNII agencies/organisations in dealing with significant cyber incidents and workability of their internal incident handling procedure.

In 2011, Bursa Malaysia did not have any major business interruption incidents.

Talent management risk

Over the past year Bursa Malaysia initiated and implemented various programmes and initiatives to attract and retain talent, ensure proper succession planning for key positions, and develop core competency and leadership skills. These included:

- (a) a Share Grant Plan for employees of Bursa Malaysia to reward performance, ensure sustainability and long-term performance, align corporate objectives to shareholders' interests, promote wealth-sharing among employees, provide employees with a simple and transparent incentive plan and provide competitive and motivational compensation opportunities;
- (b) career development programmes to enrich employees' work experience and to cater to long-term capacity-building for the organisation;
- (c) talent-profiling programmes to identify and select talented individuals for development and succession planning;
- (d) workshops to identify and plan strategies to address employees concerns; and
- (e) learning and training programmes for competency and leadership development.

The results of these programmes and initiatives would be monitored and appraised to ascertain their effectiveness and, where necessary, actions would be taken to address any areas of risk.

Regulatory risk

We believe in striking a balance between a healthy and growing market with transparent and progressive regulation. Our areas of focus for 2011 had been based on key risks that could have impeded investor protection, the existence of an orderly, fair and transparent market and the prevention of systemic risk. These areas are fully described in the Regulation pages 56 to 60 of this Annual Report.

We continue to review our key risk areas to ensure we become more effective, timely and efficient in discharging our regulatory responsibilities.

Counterparty credit risk

In managing counterparty/settlement risks where Bursa Malaysia Securities Clearing and Bursa Malaysia Derivatives Clearing act as the clearing houses for securities and derivatives trades respectively, and to prevent any systemic impact on the market, Bursa Malaysia continues to employ robust risk-management processes 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 Risk Weighted Capital Ratio (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 Clearing Guarantee Fund (CGF) and the Clearing Fund for securities and derivatives trading respectively.

In 2011, there were no settlement defaults by any TCP and neither the CGF nor the Clearing Fund was called upon.

SUMMARY

In 2011, Bursa Malaysia had adequately and satisfactorily managed its business and operational risks.

In a volatile global economy, and given intense competition from other regional exchanges, technological challenges and growing complexity of customer demands, Bursa Malaysia is expected to continue facing risks and uncertainties which could adversely affect its business and operations.

To ensure business sustainability, the Board through the RMC closely monitors key risk areas and ensures the implementation of effective and appropriate risk-management strategies and responses. Plans are underway to review our ERM framework in 2012 to ensure that it is in line with the latest risk-management standards and practices as appropriate for the Group.

Audit Committee Report

The Board presents the Audit Committee Report to provide insight on the discharge of the Audit Committee's functions for the Group in 2011.

COMPOSITION AND ATTENDANCE

The Audit Committee (AC) has five members, all of whom are NEDs and independent directors, including the AC Chairman and a Public Interest Director (PID), who also satisfies the test of independence under the Main Market Listing Requirements (MMLR). This meets the requirements of the Corporate Governance (CG) Code. The names of the AC members and their attendance record are given on page 95 of this Annual Report.

The AC Chairman, Tan Sri Datuk Dr. Abdul Samad bin Haji Alias, is a Fellow of the Institute of Chartered Accountants, Australia, a member of the Malaysian Institute of Accountants (MIA) and a member of the Malaysian Institute of Certified Public Accountants (MICPA). Accordingly, Bursa Malaysia complies with paragraph 15.09(1)(c)(i) of the MMLR. Tan Sri Datuk Dr. Abdul Samad bin Haji Alias was appointed AC Chairman on 7 July 2011, following the resignation of Dato' Sri Abdul Wahid bin Omar as chairman on 31 May 2011.

The Board reviews annually the terms 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 their functions, duties and responsibilities in accordance with the Terms of Reference (TOR) of the AC, thereby supporting the Board in ensuring appropriate CG standards within the Group.

TERMS OF REFERENCE

On 17 October 2011, the TOR of the AC was reviewed to reflect its oversight function in respect of the implementation of the Whistleblower Policy and Procedures (WPP) to ensure effective administration thereof by the Chief Internal Auditor (CIA) and/or designated officer(s) of the Group's Internal Audit (IA). On 22 November 2011, the Board gave its approval to the AC to carry out its responsibilities as required under the WPP which was also approved by the Board on the same date. The TOR of the AC is available on Bursa Malaysia's website.

MEETINGS

The AC held five meetings in FY2011, where the meetings were held without the presence of other directors and employees, except when their attendance was at the invitation of the AC. The CEO attended the 4th and 5th meetings of the AC in 2011 as requested by the AC to facilitate direct

communication and to seek clarification on audit issues as well as to solicit information in relation to the operations of the Group. The CIA and Departmental Heads of the respective IA functions were present at all AC meetings to table the respective IA reports. Relevant management of the audit subjects were invited to brief the AC on specific issues arising from relevant audit reports.

The lead audit partner of the External Auditors responsible for the Group attended four AC meetings in 2011 to present the auditors' report on the annual audited financial statements for FY2010 as well as the auditors' review reports on the unaudited quarterly financial statements for FY2011. The AC also met with the External Auditors on two occasions in 2011 (on 26 January 2011 and 17 October 2011), without the presence of the CEO/Executive Director, management or Internal Auditors. At these meetings, the AC enquired about management's cooperation with the External Auditors, sharing of information and proficiency in financial reporting functions, particularly in relation to applicable Financial Reporting Standards (FRS). The External Auditors were also invited to raise with the AC any matter they considered important to bring to the AC's attention. The AC Chairman also sought information on the communication flow between the External Auditors and management which was necessary to allow unrestricted access to information for the former to effectively perform its duties.

Deliberations during the AC meetings, including the issues tabled and the rationale adopted for decisions, were recorded. Minutes of AC meetings were tabled for confirmation at the following AC meeting, and subsequently presented to the Board for notation. During FY2011, the AC Chairman presented the recommendations of his Committee to the Board for approval of the annual and quarterly financial statements as well as declaration 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.

At the meeting on 18 July 2011, the AC reviewed a situation involving a potential Conflict of Interest (COI) whereby a proposed award of tender to a corporation having a common director with Bursa, was not regarded as a related party transaction under the MMLR. Nonetheless, the director abstained from deliberation and decision-making at the AC meeting on this matter. The AC was satisfied that the award was in the best interest of Bursa Malaysia, whereby the terms concluded were fair, reasonable and based on commercial viability, and were therefore not deemed to be detrimental to the interests of minority shareholders. The AC also decided that the value of the tender was not significant enough to give rise to concerns of COI within the Group's Guidelines for Handling COI.

At the same meeting, the AC reviewed the CIA's performance upon the completion of his six months' probation period and resolved to approve the confirmation of Dr. Badrul Hisham bin Mohd Yusoff as the CIA accordingly with effect from 1 July 2011.

SUMMARY OF ACTIVITIES

The AC's activities during FY2011 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 FY2010 and the annual audited financial statements for FY2010 at its meeting on 26 January 2011. The quarterly financial statements for the first, second and third quarters of FY2011 were reviewed at the AC meetings on 18 April 2011, 18 July 2011 and 17 October 2011 respectively. On 3 February 2012, the AC reviewed the quarterly financial statements for the fourth quarter of FY2011 and the annual audited financial statements for FY2011. The AC's recommendations were presented to the respective Board meetings held subsequently for approval.

To safeguard the integrity of information, the Chief Financial Officer (CFO) had, on 13 October 2011 and 30 January 2012, given assurance to the AC that adequate processes and controls were in place for an effective and efficient financial statements close process in the preparation of the quarterly financial statements for the third and fourth quarters of FY2011 respectively, and that appropriate accounting policies had been adopted and applied consistently to give a true and fair view of the state of affairs of the Group.

2. External Audit

- (a) The AC deliberated the External Auditors' report at its meeting on 26 January 2011 with regard to the relevant disclosures in the annual audited financial statements for FY2010. The AC also considered suggestions for improvement in the accounting procedures and internal control measures.
- (b) The AC reviewed the External Auditors' Annual Plan 2011, including the non-recurring non-audit services that may be

provided by the External Auditors and corresponding fees for FY2011 at its meeting on 26 January 2011. The AC was satisfied that the recurring non-audit services provided by the External Auditors, such as tax compliance and limited review of quarterly financial statements, did not impair its audit independence. In 2011, no non-recurring non-audit services were provided by the External Auditors.

The AC was also satisfied with the External Auditors' technical competency, based on its annual evaluation of their performance and the reasonableness of their audit fees. With that, the AC further recommended for the Board's approval the appointment of the External Auditors in respect of FY2011.

- (c) On 17 October 2011, the AC reviewed the External Auditors' Audit Planning Memorandum outlining their scope of work and proposed fees for the statutory audit and review of the Internal Control Statement for FY2011. The proposed fees were recommended by the AC to the Board for approval on 19 October 2011.
- (d) On 3 February 2012, the performance of the external audit function was reviewed and assessed. Feedback on the conduct of the external audit was obtained from the management. Being satisfied with the performance of the External Auditors, the AC recommended their re-appointment for FY2012.

3. Internal Audit

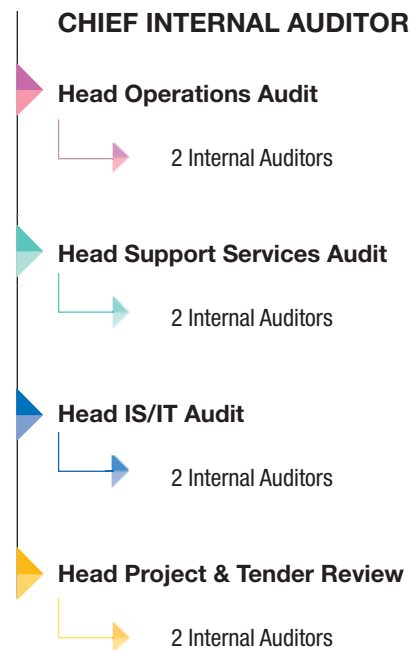
- (a) The Group IA conducted the audit activities as planned in the 2011 Audit Plan which was approved by the AC on 23 November 2010. The CIA presented to the AC at every one of its meetings during the year the Group IA's reports on the status and progress of IA assignments, including a summary of audit 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 system development projects, post-implementation review of projects, tender evaluation and the monitoring of employees' dealings in securities.

Audit Committee Report

- (b) At the meeting on 26 January 2011, the AC deliberated on the results of the Group IA's 2010 Balanced Scorecard and KPIs. The Group IA's 2011 Balanced Scorecard and KPIs were considered and approved on 18 April 2011.
- (c) At the meeting on 18 April 2011, the AC reviewed the results of the Group IA's Customer Satisfaction Survey for 2010, which included an analysis of IA's strengths and weaknesses and action plans to improve audit services to IA's customers. The results indicated that IA's customers were generally satisfied with the performance of the IA function.
- (d) On 18 April 2011, the CIA presented the post-mortem report for the Annual IA Plan of 2010 which provided an overall indication of the adequacy and effectiveness of controls implemented within the Group to mitigate its key risks.
- (e) On 17 October 2011, the AC reviewed the proposed WPP for the Group. For the proposed WPP to serve as an anti-fraud programme or internal control mechanism to mitigate the risk of fraud, the AC being an independent Board Committee was proposed to oversee the implementation of the WPP, consistent with the recommendations of the CG Guide issued by Bursa Malaysia and the best CG practices in other jurisdictions.
- (f) At the meeting on 21 November 2011, the AC considered the adequacy of scope and comprehensive coverage of the Group's activities, and approved the IA's Annual Audit Plan for 2012.
- (g) On 21 November 2011, the AC reviewed the annual Internal Control Statement and the Risk Management Statement for publication in the 2011 Annual Report.
- (h) The Share Grant Plan (SGP) of Bursa Malaysia was implemented in July 2011, with the award of shares under the Restricted Share Plan (RSP). At the meeting on 21 November 2011, the AC reviewed the verification exercise conducted by Group IA on the award and vesting of shares in Bursa Malaysia to eligible employees of the Group pursuant to the SGP, based on their performance for FY2010, to ensure compliance with the criteria as approved by the Nomination and Remuneration Committee.

INTERNAL AUDIT FUNCTION

The Group IA reports directly to the AC, which determines the adequacy of the scope, functions and resources of the IA function. The Group IA comprises 13 auditors: the CIA and four Departmental Heads with two Internal Auditors under each department, to ensure the responsibilities of the Group IA are fully discharged.



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. Beginning October 2011, the Group IA included, as part of its audit plan, the review of processes of the relevant business units/functional groups which would have a bearing on the financial information of Bursa Malaysia and for the purpose of ensuring reliability and integrity of such information. Representation was made by the CIA to the AC on 17 October 2011 and 3 February 2012 that the controls of processes reviewed which supported the preparation of financial statements were operating effectively.

On 25 May 2011, the CEO established the Management Risk and Audit Committee (MRAC) under the Group's Management Governance Framework to review reports from the Internal Auditors, External Auditors or Securities Commission, for the purpose of assessing the adequacy and integrity of the system of internal control of the Group. The MRAC had three meetings in 2011, during which the Internal Auditors highlighted to the MRAC the audit findings which required follow-up action by the management, as well as any outstanding audit issues which required corrective action to be taken to ensure an adequate and effective internal control system within 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 2011, 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 for 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 for 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 reviews for:

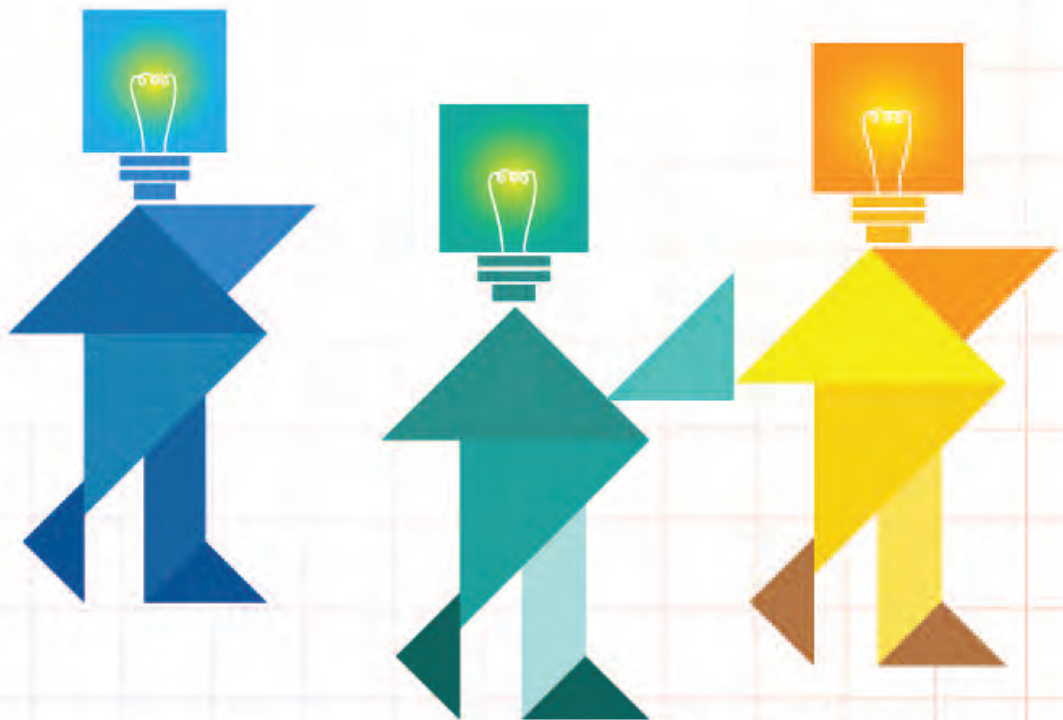
- (a) Tenders and significant procurement exercises;
- (b) System Readiness Review on key system development projects and post-implementation of the projects;
- (c) Monitoring employees' compliance with the Securities Transaction Policy; and
- (d) Undertaking investigations into any suspicion of fraud or reported operational failures within the Group.

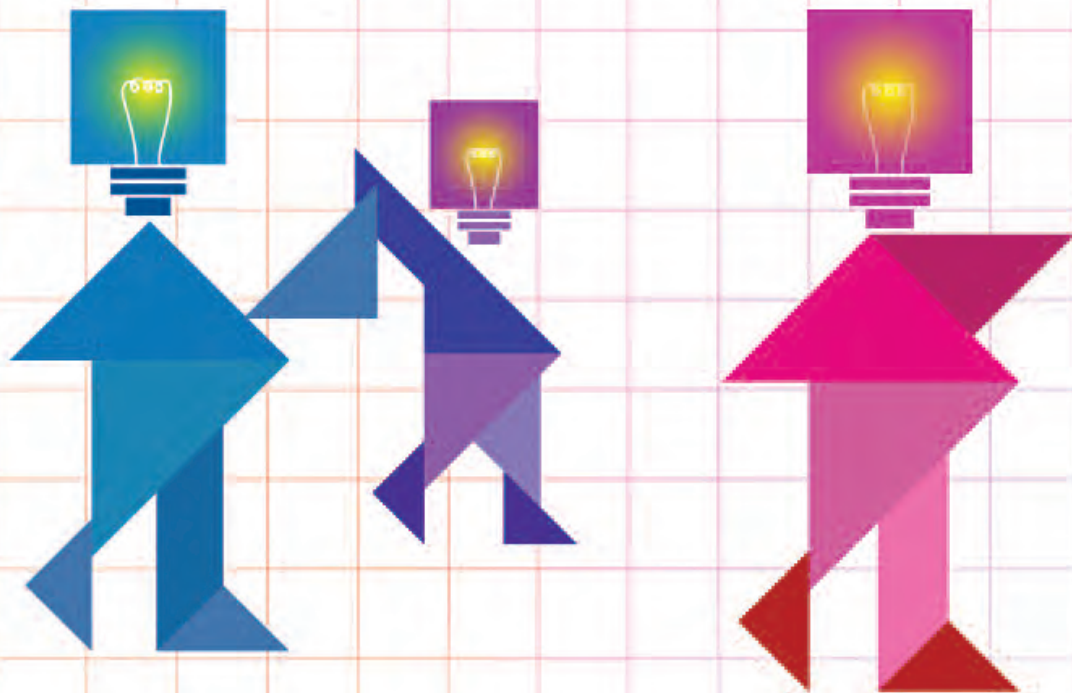
The results of the audits provided in the IA reports were reviewed by the AC. The relevant management of the specific audit subject was made responsible for ensuring that corrective actions on reported weaknesses were taken within the required time frame. The Group IA conducted follow-up audits to ensure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

All IA activities for FY2011 were conducted by the in-house audit team. No areas of the IA function were outsourced. The total costs incurred by Group IA in respect to discharging their functions and responsibilities in 2011 amounted to RM2,553,045 compared to RM2,064,245 in 2010.

We continue to **innovate**

We never stop innovating – whether through revitalisation of our core business strategies, product development, improved eco-systems, or leveraging our strengths in our niche markets.





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 derivatives 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 derivatives 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 receive 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)

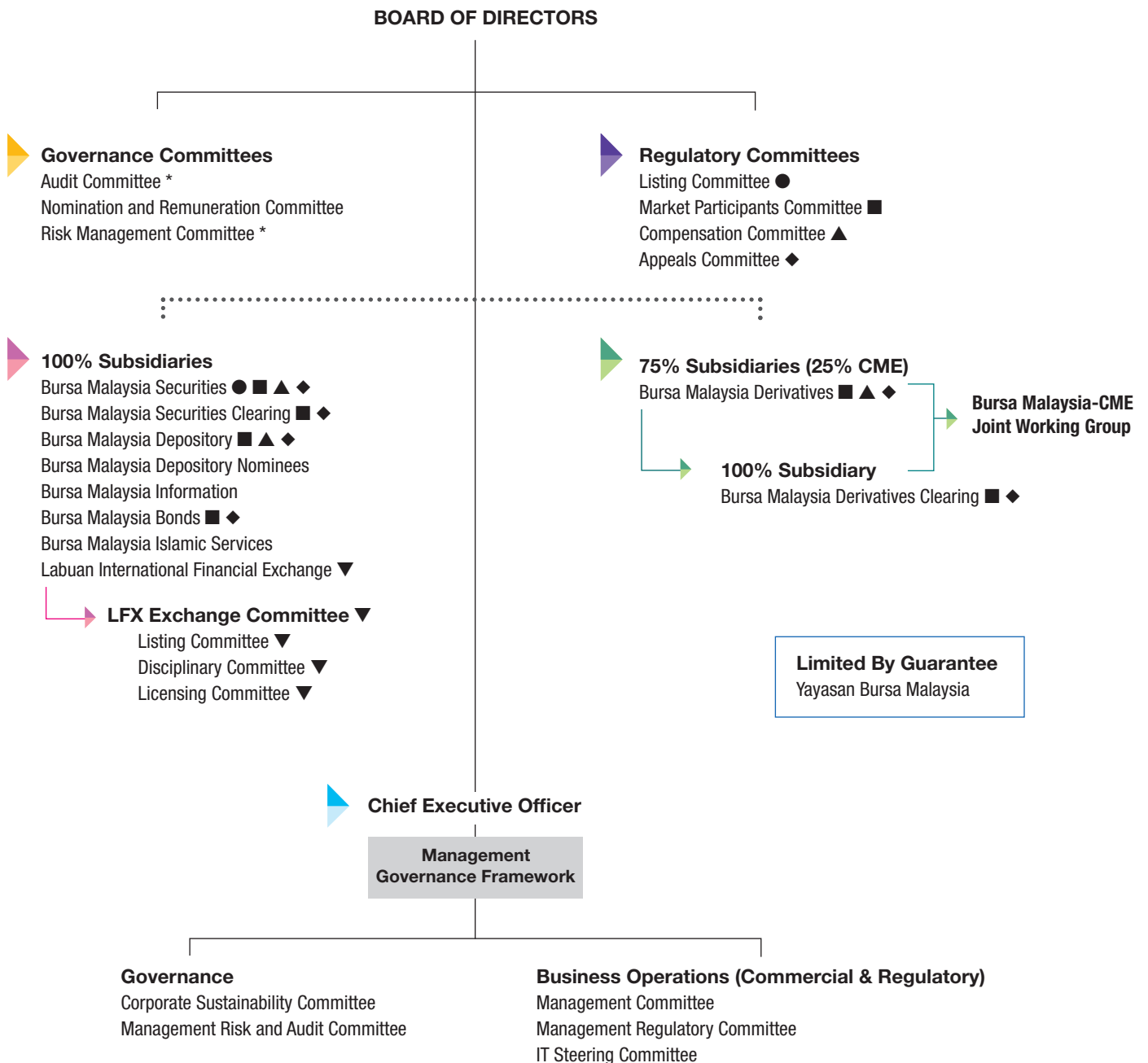
Date of Incorporation : 15 April 2009
Principal Activities : Provide, operate and maintain a Shari'ah-compliant commodity trading platform

Yayasan Bursa Malaysia (464552-M)

Date of Incorporation : 24 June 1998
Principal Activities : Provide funds or support by rendering any form of aid or financial assistance and/or promote objects that are useful to the community to fulfil a charitable purpose

Corporate Information

Governance Model



Note:

* All subsidiaries of Bursa Malaysia have fully adopted the Governance Model of Bursa Malaysia Group except for Bursa Malaysia Derivatives and its wholly-owned subsidiary, Bursa Malaysia Derivatives Clearing which have adopted 2 Governance Committees, and the applicable Regulatory Committees.



symbolise the corresponding committees to the relevant companies

Corporate Information

Other Corporate Information

Senior Independent Non-Executive Director

Cheah Tek Kuang

Tel : 03-2078 2816

E-mail : tkcheah@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 Market 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

Corporate Information

Attendance at Board Committee Meetings

Board Committees		Governance Committees			Regulatory Committees			
Classification	Name	AC	RMC	NRC	LC	MPC	CC	APC
Non-Executive and Public Interest Directors	Tun Mohamed Dzaiddin bin Haji Abdullah			11/11				7/9
	Datuk Dr. Md Tap bin Salleh			note+ 6/6		9/9	note- -	
	Datuk Dr. Syed Muhamad bin Syed Abdul Kadir		note+ 3/3		note+ 10/11	note- 3/3		
	Datuk Puteh Rukiah binti Abd Majid ¹	note 3/3				note@ 4/4		
Non-Independent Executive Director	Dato' Tajuddin bin Atan ²	note* 0/1	note* 1/1					note* 1/1
Independent Non-Executive Directors	Datin Paduka Siti Sa'diah binti Sheikh Bakir		3/4	note+ 6/6	note- 3/5		note- -	note+ 7/7
	Dato' Dr. Thillainathan a/l Ramasamy	5/5		11/11	16/16			
	Dato' Sri Abdul Wahid bin Omar	note# 2/2		note# 3/5			note# -	
	Izham bin Yusoff	4/5	2/4			note+ 5/6		note- 2/2
	Dato' Wong Puan Wah @ Wong Sulong		2/4		note- 5/5	note+ 4/6	note+ 1/1	
	Cheah Tek Kuang	5/5		note- 4/5				9/9
	Dato' Saiful Bahri bin Zainuddin			8/11	note+ 6/11	note- 3/3		
	Ong Leong Huat @ Wong Joo Hwa		2/4				1/1	
Tan Sri Datuk Dr. Abdul Samad bin Haji Alias ³	note^ 3/3					note^ 1/1		
Independent individuals with significant and relevant industry experiences	Dato' Thomas Lee Mun Lung							8/9
	Izlan bin Izhah							7/9
	Dato' Mohammed Adnan bin Dato' Shuaib							8/9
	Peter Lee Siew Choong				12/16			
	Sreesanathan a/l Eliathamby				8/16			
	Dato' Sri Abdul Hamidy bin Abdul Hafiz				14/16			
	Prof. Dr. Aiman Nariman binti Mohd Sulaiman				12/16			
	Gan Kim Khoon				16/16			
	Wong Chong Wah				note+ 9/11	note- 3/3		
	Pushpanathan a/l S. A. Kanagarayar				note+ 11/11			
	Datuk Haji Khuthubul Zaman bin Bukhari					5/9		
	Selvarajah a/l Sivalingam					9/9		
	Kuok Wee Kiat					8/9		
	Azura binti Azman					note+ 5/6		
	Ng Chin Leng					note+ 5/6		
	Steven Lai Choon Lim					note- 1/3		
	Khoo Guan Huat				note- 1/5	note+ 5/6		
	Datuk Oh Chong Peng				note- 0/5			
	Salwah binti Abdul Shukor						1/1	
	John Mathew a/l Mathai						1/1	
Total number of meetings for 2011		5	4	11	16	9	1	9

 Chairman	note	from 27 May 2011	note +	from 12 May 2011
	note *	up to 31 March 2011	note @	from 23 June 2011
 Member	note #	up to 31 May 2011		
	note ^	from 7 July 2011		
 Non-member	note ~	up to 11 May 2011		

- ¹ appointed on 27 May 2011
- ² appointed on 1 April 2011; was a Non-Executive and Public Interest Director from 14 July 2008 to 31 March 2011
- ³ appointed on 7 July 2011

FINANCIAL REPORTS





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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 FRSs in Malaysia, and the provisions of the CA and the MMLR.

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 2011.

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 Shari'ah 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	151,334	103,775
Profit attributable to:		
Owners of the Company	146,160	103,775
Non-controlling interest	5,174	–
	151,334	103,775

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.

Directors' Report

Dividends

The amount of dividends paid by the Company since 31 December 2010 were as follows:

RM'000

In respect of the financial year ended 31 December 2010, as reported in the Directors' report of that year:

Final dividend under the single tier system of 10.5 sen per share, on 531,399,000 ordinary shares, declared on 14 April 2011 and paid on 4 May 2011	55,797
---	--------

In respect of the financial year ended 31 December 2011:

Interim dividend under the single tier system of 13.0 sen per share, on 531,599,000 ordinary shares, declared on 19 July 2011 and paid on 16 August 2011	69,108
--	--------

Total dividends paid since 31 December 2010	124,905
--	----------------

At the forthcoming Annual General Meeting, a final dividend under the single tier system in respect of the financial year ended 31 December 2011 of 13.0 sen per share on 531,599,000 ordinary shares, amounting to a dividend payable of approximately RM69,108,000 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 2012.

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 Dzaidin bin Haji Abdullah
 Dato' Tajuddin bin Atan
 Datuk Dr. Md Tap bin Salleh
 Datuk Dr. Syed Muhamad bin Syed Abdul Kadir
 Datuk Puteh Rukiah binti Abdul Majid (appointed on 27 May 2011)
 Datin Paduka Siti Sa'diah binti Sheikh Bakir
 Dato' Dr. Thillainathan a/l Ramasamy
 Tan Sri Datuk Dr. Abdul Samad bin Haji Alias (appointed on 7 July 2011)
 Izham bin Yusoff
 Dato' Wong Puan Wah @ Wong Sulong
 Cheah Tek Kuang
 Dato' Saiful Bahri bin Zainuddin
 Ong Leong Huat @ Wong Joo Hwa
 Dato' Sri Abdul Wahid bin Omar (resigned on 31 May 2011)
 Dato' Yusli bin Mohamed Yusoff (resigned on 1 April 2011)

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 shares awarded under the SGP.

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 in the Company during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	1.1.2011 '000	Purchased '000	Sold '000	31.12.2011 '000

Direct interests

Tun Mohamed Dzaidin bin Haji Abdullah	100	–	–	100
Datin Paduka Siti Sa'diah binti Sheikh Bakir	52	–	–	52
Dato' Dr. Thillainathan a/l Ramasamy	50	–	–	50
Cheah Tek Kuang	50	–	–	50

	Number of ordinary shares of RM0.50 each			
	Spouse 1.1.2011 '000	Child 1.1.2011 '000	Purchased '000	Sold '000

Indirect interests

Tun Mohamed Dzaidin bin Haji Abdullah	–	6	–	(0.2)	5.8
Dato' Dr. Thillainathan a/l Ramasamy	50	–	–	–	50
Cheah Tek Kuang	–	14	–	–	14
Ong Leong Huat @ Wong Joo Hwa	–	3	–	(3)	–

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

Directors' Report

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM265,700,000 to RM265,800,000 by way of the issuance of 199,800 ordinary shares of RM0.50 each, pursuant to the Company's SGP.

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

SGP

The Company's SGP is governed by the By-Laws approved by the shareholders at an EGM held on 14 April 2011. The SGP has been implemented on 18 April 2011 and is made up of two plans - RSP and the PSP. The SGP will be in force for a maximum period of ten years from the date of implementation.

The salient features, terms and details of the SGP are as disclosed in Note 27(b) to the financial statements.

During the financial year, the Company granted 778,200 shares under the RSP to its eligible employees, of which 199,800 shares have been vested. The outstanding RSP shares granted will vest to its eligible employees at the respective vesting dates provided that the vesting conditions as disclosed in Note 27(b) to the financial statements are met.

No shares were granted by the Company under the PSP to its eligible employees in the current financial year.

There were no shares granted under SGP to the Directors in the current financial year.

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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
 - (i) the amount written off for 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.

Other statutory information

- (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 9 February 2012.



Tun Mohamed Dzaidin bin Haji Abdullah



Dato' Tajuddin bin Atan

Statement by Directors

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

We, Tun Mohamed Dzaidin bin Haji Abdullah and Dato' Tajuddin bin Atan, 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 107 to 182 are drawn up in accordance with Financial Reporting Standards 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 2011 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to the Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 9 February 2012.

Tun Mohamed Dzaidin bin Haji Abdullah

Dato' Tajuddin bin Atan

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 107 to 183 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 9 February 2012.

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 2011 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 107 to 182.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 of financial statements that give a true and fair view 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 2011 and of their financial performance and cash flows for the year then ended.

Independent Auditors' Report

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

Report on other legal and regulatory requirements

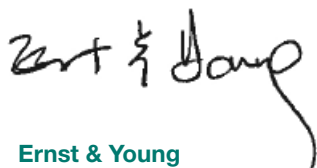
In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

- (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 41 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. 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

Kuala Lumpur, Malaysia
9 February 2012



Chan Hooi Lam
No. 2844/02/14(J)
Chartered Accountant

Income Statements

For the financial year ended 31 December 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Operating revenue	3	381,321	331,251	291,593	287,521
Other income	4	38,821	29,798	20,928	18,216
		420,142	361,049	312,521	305,737
Staff costs	5	(104,122)	(92,406)	(96,275)	(85,817)
Depreciation and amortisation	6	(38,444)	(43,233)	(36,818)	(41,918)
Other operating expenses	7	(71,463)	(61,656)	(65,673)	(51,739)
Profit before tax		206,113	163,754	113,755	126,263
Income tax expense	9	(54,779)	(48,113)	(9,980)	(22,207)
Profit for the year		151,334	115,641	103,775	104,056
Profit attributable to:					
Owners of the Company		146,160	113,041	103,775	104,056
Non-controlling interest		5,174	2,600	-	-
		151,334	115,641	103,775	104,056
Earnings per share attributable to owners of the Company (sen per share):					
Basic	10(a)	27.5	21.3		
Diluted	10(b)	27.5	21.3		

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 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit for the year	151,334	115,641	103,775	104,056
Other comprehensive income:				
Net fair value changes in AFS financial assets	(16,920)	(13,377)	(16,983)	(13,270)
Cumulative loss reclassified to income statement (Note i)	1,164	–	–	–
Foreign currency translation	59	(586)	–	–
Income tax relating to AFS financial assets	(25)	294	9	324
Other comprehensive income for the year, net of tax	(15,722)	(13,669)	(16,974)	(12,946)
Total comprehensive income for the year	135,612	101,972	86,801	91,110
Total comprehensive income attributable to:				
Owners of the Company	130,446	99,279	86,801	91,110
Non-controlling interest	5,166	2,693	–	–
	135,612	101,972	86,801	91,110

Note i

The cumulative loss reclassified to income statement is in relation to a recognition of impairment loss of an investment security.

Statements of Financial Position

As at 31 December 2011

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	218,397	231,104	214,507	228,518
Computer software	13	59,614	73,056	47,149	64,658
Goodwill	14	42,957	42,957	29,494	29,494
Investments in subsidiaries	15	–	–	148,976	154,710
Investment securities	16	93,371	110,404	59,079	75,997
Staff loans receivable	17	11,678	13,805	10,946	12,700
Deferred tax assets	18	1,034	1,023	–	–
		427,051	472,349	510,151	566,077
Current assets					
Trade receivables	19	27,870	33,526	1,857	1,363
Other receivables	20	12,932	10,197	7,634	5,357
Due from subsidiaries	21	–	–	25,949	27,773
Tax recoverable		388	4,586	–	3,405
Investment securities	16	33,441	27,335	33,441	27,335
Cash and bank balances not belonging to the Group	22	671,880	710,323	–	–
Cash and bank balances of the Group/Company	23	499,943	449,938	262,655	250,416
		1,246,454	1,235,905	331,536	315,649
Total assets		1,673,505	1,708,254	841,687	881,726
Equity and liabilities					
Equity attributable to owners of the Company					
Share capital	24	265,800	265,700	265,800	265,700
Share premium		87,553	86,101	87,553	86,101
Other reserves	25	24,135	38,853	(24,003)	(8,025)
Retained earnings	26	482,905	461,650	419,268	440,398
		860,393	852,304	748,618	784,174
Non-controlling interests		14,232	11,266	–	–
Total equity		874,625	863,570	748,618	784,174
Non-current liabilities					
Retirement benefit obligations	27(a)	24,311	22,825	24,311	22,825
Deferred capital grants	28	11,850	10,986	7,500	9,047
Deferred tax liabilities	18	9,886	18,349	9,886	17,890
		46,047	52,160	41,697	49,762
Current liabilities					
Trade payables	22	636,166	676,576	–	–
Clearing funds' contributions	22	34,485	33,543	–	–
Other payables	29	67,330	68,916	49,388	47,790
Tax payable		14,852	13,489	1,984	–
		752,833	792,524	51,372	47,790
Total liabilities		798,880	844,684	93,069	97,552
Total equity and liabilities		1,673,505	1,708,254	841,687	881,726

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 2011

Note	Attributable to owners of the Company										Non-controlling interests	Total equity	
	Non-distributable					Distributable							
	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/grant reserve RM'000	Clearing fund reserves RM'000	AFS reserve RM'000	Retained earnings RM'000	Total RM'000			
At 1 January 2010	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(c)	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		-	-	-	-	-	(2,866)	-	2,866	-	-	-	
Dividends paid	11	-	-	-	-	-	-	-	(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	461,650	852,304	11,266	863,570	
At 1 January 2011		265,700	86,101	13,900	5,250	(1,294)	-	30,000	461,650	852,304	11,266	863,570	
Total comprehensive income for the year		-	-	-	-	59	-	-	(15,773)	146,160	130,446	5,166	135,612
Transactions with owners:													
Issuance of ordinary shares pursuant to SGP	27(b)	100	1,452	-	-	-	(1,552)	-	-	-	-	-	
SGP expense	5	-	-	-	-	-	2,548	-	-	2,548	-	2,548	
Dividends paid	11	-	-	-	-	-	-	-	(124,905)	(124,905)	-	(124,905)	
Dividends paid to non-controlling interest		-	-	-	-	-	-	-	-	-	(2,200)	(2,200)	
Total transactions with owners		100	1,452	-	-	-	996	-	(124,905)	(122,357)	(2,200)	(124,557)	
At 31 December 2011		265,800	87,553	13,900	5,250	(1,235)	996	30,000	482,905	860,393	14,232	874,625	

Note a

Note a

Included in non-controlling interests of the Group at 31 December 2011 are 84 (2010: 84) non-cumulative preference shares of RM1 each in BMD, a subsidiary, for registration as TPs, at a subscription price determined by BMD. The preference shareholders are not entitled to a refund of any part of the premium paid for the preference shares.

* Denotes RM1.

Statement of Changes in Equity

For the financial year ended 31 December 2011

	Note	Non-distributable			Distributable		Total equity RM'000
		Share capital RM'000	Share premium RM'000	AFS reserve RM'000	Share option/ grant reserve RM'000	Retained earnings RM'000	
At 1 January 2010		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(c)	1,372	7,288	-	(1,614)	-	7,046
ESOS expired during the year		-	-	-	(2,866)	2,866	-
Dividends paid	11	-	-	-	-	(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
At 1 January 2011		265,700	86,101	(8,025)	-	440,398	784,174
Total comprehensive income for the year		-	-	(16,974)	-	103,775	86,801
Transactions with owners:							
Issuance of ordinary shares pursuant to SGP	27(b)	100	1,452	-	(1,552)	-	-
SGP expense (Note b)		-	-	-	2,548	-	2,548
Dividends paid	11	-	-	-	-	(124,905)	(124,905)
Total transactions with owners		100	1,452	-	996	(124,905)	(122,357)
At 31 December 2011		265,800	87,553	(24,999)	996	419,268	748,618

Note b

SGP expense comprises RM2,342,000 relating to shares granted to the employees of the Company (as disclosed in Note 5) and RM206,000 relating to shares granted to the employees of BMD.

Statements of Cash Flow

For the financial year ended 31 December 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities				
PBT	206,113	163,754	113,755	126,263
Adjustments for:				
Amortisation of premium less accretion of discount	152	(1,305)	96	(1,447)
Depreciation and amortisation	38,444	43,233	36,818	41,918
Dividend income from investment security	(930)	(974)	(930)	(974)
Grant income	(2,636)	(2,297)	(1,547)	(1,675)
Gross dividend income from subsidiaries	–	–	(125,131)	(117,651)
Impairment loss on computer software	335	–	335	–
Impairment loss on amount due from a subsidiary	–	–	8,527	–
Impairment loss on investment in subsidiaries	–	–	5,734	–
Impairment loss on investment security	1,164	–	–	–
Interest income	(21,449)	(16,606)	(10,367)	(7,995)
Net gain on disposal of investment securities	(328)	(649)	(223)	(622)
Net loss on disposal of property, plant and equipment	13	–	13	–
Net (reversal of impairment)/impairment loss on trade and other receivables	(188)	(552)	20	(124)
Property, plant and equipment and computer software written off	836	1,225	836	1,225
Retirement benefit obligations	1,542	1,577	1,542	1,577
Reversal of provision for short term accumulating compensated unutilised leave	(70)	(45)	(100)	(256)
SGP expense	2,548	–	2,342	–
Unrealised loss on foreign exchange differences	37	–	–	–
Operating profit before working capital changes	225,583	187,361	31,720	40,239
Decrease/(increase) in receivables	7,317	(8,265)	(1,699)	2,141
Increase/(decrease) in other payables	1,434	2,440	2,254	(1,459)
Changes in subsidiaries' balances	–	–	(6,498)	(9,180)
Cash generated from operations	234,334	181,536	25,777	31,741
Staff loans repaid, net of disbursements	2,861	4,445	2,434	3,906
Retirement benefits paid	(56)	(2,645)	(56)	(2,645)
Taxes paid, net of refund	(60,188)	(34,051)	(3,075)	1,993
Net cash generated from operating activities	176,951	149,285	25,080	34,995

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from investing activities				
Interest received	18,382	15,214	8,292	7,086
Proceeds from disposal of investment securities	78,306	128,391	42,287	80,886
Proceeds from disposal of motor vehicles	156	–	156	–
Purchases of investment securities	(83,666)	(72,497)	(48,170)	(47,577)
Purchases of property, plant and equipment and computer software	(17,654)	(19,612)	(7,195)	(13,823)
Net cash (used in)/generated from investing activities	(4,476)	51,496	(4,630)	26,572
Cash flows from financing activities				
Dividends paid	(124,905)	(98,309)	(124,905)	(98,309)
Dividends paid by a subsidiary to non-controlling interest	(2,200)	–	–	–
Dividends received	1,073	594	116,694	101,778
Grant received	3,500	3,324	–	3,324
Preference share issued by a subsidiary	–	200	–	–
Proceeds from exercise of options under ESOS	–	7,046	–	7,046
Increase in investment in subsidiaries	–	–	–	(4,200)
Net cash (used in)/generated from financing activities	(122,532)	(87,145)	(8,211)	9,639
Net increase in cash and cash equivalents	49,943	113,636	12,239	71,206
Effects of exchange rate changes	62	(614)	–	–
Cash and cash equivalents at beginning of year	449,938	336,916	250,416	179,210
Cash and cash equivalents at end of year	499,943	449,938	262,655	250,416

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

Notes to the Financial Statements

31 December 2011

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 Berhad. The registered office of the Company is located at 15th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur.

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are to operate the Malaysian securities, derivatives and offshore exchanges and the Shari'ah 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 9 February 2012.

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 and Issues Committee (IC) Interpretations which are mandatory for financial periods beginning on or after 1 January 2011 as described fully in Note 2.2.

The financial statements, other than for financial instruments, have been prepared on the historical cost basis. Certain financial instruments are carried at fair value in accordance with FRS 139 Financial Instruments: Recognition and Measurement (FRS 139).

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 2011, the Group and the Company adopted the following FRSs, Amendments to FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2011.

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
FRS 127	Consolidated and Separate Financial Statements
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 2	Additional Exemptions for First-time Adopters
Amendments to FRS 2	Share-based Payment
Amendments to FRS 2	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 7	Improving Disclosures about Financial Instruments
Amendments to FRS 132	Financial Instruments: Presentation
Amendments to FRS 138	Intangible Assets

2. Significant accounting policies

2.2 Changes in accounting policies

IC Interpretation 4	Determining Whether an Arrangement Contains a Lease
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
IC Interpretation 18	Transfers of Assets from Customers
Amendments to IC Interpretation 9	Reassessment of Embedded Derivatives

Adoption of the above FRSs, Amendments to FRSs and Interpretations, and "Improvements to FRSs issued in 2010" did not have any effect on the financial performance, position or presentation of financials of the Group and of the Company, other than for the disclosures under the Amendments to FRS 7.

Amendments to FRS 7: Improving Disclosures about Financial Instruments

Prior to 1 January 2011, information about financial instruments was disclosed in accordance with the requirements of FRS 7 Financial Instruments: Disclosures. Amendments to FRS 7 require enhanced disclosures about fair value measurements in which a three-level fair value hierarchy was introduced. Each class of financial instrument is to be classified in accordance to this hierarchy which reflects the inputs used in making the fair value measurement. It also reinforces the existing principles for disclosures on liquidity and credit risks.

The new requirement on the three-level fair value hierarchy has been applied prospectively in accordance with the transitional provisions of the FRS 7 Amendments. The enhanced disclosures are included in Note 38. The adoption of this amendment did not have any financial impact to the Group and the Company.

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.

Notes to the Financial Statements

31 December 2011

2. Significant accounting policies

2.3 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(ii) Basis of consolidation

Acquisition of subsidiaries are accounted for using the purchase method except for business combinations arising from common control transfers. Business 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 and 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 the 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.

(iii) Transactions with non-controlling interest

Non-controlling interest 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 non-controlling interests are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling 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 non-controlling interests is recognised directly in equity.

2. Significant accounting policies

2.3 Summary of significant accounting policies

(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 cost of the item can be measured reliably.

Subsequent to recognition, 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	50 years
Renovations	Five years
Office equipment and furniture and fittings	Three to five years
Computers and office automation	Three to 10 years
Motor vehicles	Five years

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

Notes to the Financial Statements

31 December 2011

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 losses.

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, computer software and property, plant and equipment 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 losses 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 fair value through profit or loss, 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 gains or losses 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.

The Group and the Company do not have any financial assets at FVTPL at the current and previous 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 when the Group has 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.

Notes to the Financial Statements

31 December 2011

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 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 has been incurred, the Group and the Company consider factors such as the 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 average 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.

2. Significant accounting policies

2.3 Summary of significant accounting policies

(f) Impairment of financial assets

(i) Loans and receivables and HTM investments

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.

(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 FRS 139, 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.

Notes to the Financial Statements

31 December 2011

2. Significant accounting policies

2.3 Summary of significant accounting policies

(h) Financial liabilities

(i) Financial liabilities 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 current and previous financial year end.

(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.

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 statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by its related depreciation or amortisation charges.

(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

(I) 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 derivative contracts are recognised net of rebates on the clearing date.

(iii) Fees from depository, information and broker services

Fees from depository services, income from sale of information and fees from broker 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 guarantee and tender fees. Guarantee fees are recognised on a daily basis on day end margin requirements for open contracts. Tender fees are recognised 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 fees and exhibition related income

Conference fees and exhibition related income are recognised when the events are held.

(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 when the related services are rendered.

Notes to the Financial Statements

31 December 2011

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 are 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 is 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 reporting date. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

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 services up to 1 September 2003 is estimated. That benefit is discounted in order to determine its present value.

2. Significant accounting policies

2.3 Summary of significant accounting policies

(m) Employee benefits

(iii) Defined benefit plan

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.

(iv) Share-based compensation

- **SGP (Implemented on 18 April 2011)**

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

At each reporting date, the Group revises its estimates of the number of shares that are expected to be granted 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 equity amount is recognised in the share grant reserve.

- **ESOS (Expired on 8 March 2010)**

The Bursa Malaysia ESOS, an equity-settled, share-based compensation plan, provides the Group's employees an option 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.

Notes to the Financial Statements

31 December 2011

2. Significant accounting policies

2.3 Summary of significant accounting policies

(m) Employee benefits

(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.

All of the Group's leases are classified as operating lease. 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).

(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.

2. Significant accounting policies

2.3 Summary of significant accounting policies

(p) Income taxes

(ii) Deferred tax

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.

(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 foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each financial year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at 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.

Notes to the Financial Statements

31 December 2011

2. Significant accounting policies

2.3 Summary of significant accounting policies

(q) Foreign currency

(ii) Foreign currency transactions

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 of the Company.

2.4 MFRS

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parent, significant investor and venturer.

The Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2012. In presenting its first MFRS financial statements, the Group and the Company will be required to restate the financial position as at 1 January 2012 to amounts reflecting the application of MFRS Framework.

The Group and the Company have started a preliminary assessment of the differences between FRS and accounting standards under the MFRS Framework and are in the process of assessing the financial effects of the differences. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2011 could be different if prepared under the MFRS Framework.

The Group and the Company expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2012.

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 hardware and software

The Group reviews its computer hardware and 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 hardware and software are 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 hardware and software as at the financial year end are disclosed in Notes 12 and 13 respectively.

(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.

(c) Impairment of investment securities

The Group reviews its investment securities and assess at each financial year end whether there is any objective evidence that the investment is impaired. If there are indicators or objective evidence, the assets are subject to impairment review.

The impairment review comprises the following judgement made by management:

- (i) Determination whether its investment is impaired following certain indicators such as, amongst others, prolonged decline in fair value, significant financial difficulties of the issuer or obligors, the disappearance of an active trading market and deterioration of the credit quality of the issuers or obligors.
- (ii) Determination of "significant" or "prolonged" requires judgement and management evaluation on various factors, such as historical fair value movement and the significant reduction in fair value.

The carrying amount of investment securities as at the financial year end are disclosed in Note 16.

Notes to the Financial Statements

31 December 2011

2. Significant accounting policies

2.5 Significant accounting judgements and estimates

Key sources of estimation uncertainty

(d) 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. 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 are disclosed in Notes 12 and 13.

(e) 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 recognised and unrecognised capital allowances and tax losses of the Group are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Recognised capital allowances and tax losses	–	3,956
Unrecognised tax losses	15,347	11,747

(f) Defined benefit plan

The cost of the 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 with terms similar to the term of the liabilities.

3. Operating revenue

	Group	
	2011 RM'000	2010 RM'000
Trading revenue		
Securities market:		
Clearing fees ¹	159,381	140,059
Trade fees	20,808	18,028
ISS fees	12,317	9,233
Buying-in commissions	477	599
	192,983	167,919
Derivatives market:		
Trade fees	33,970	25,578
Clearing fees	11,529	8,536
Other trading revenue	5,747	3,530
	51,246	37,644
Total trading revenue	244,229	205,563
Stable revenue		
Listing fees	38,226	36,106
Depository services	31,747	33,138
Information services	19,205	16,993
Broker services	11,742	11,242
Access fees	8,666	7,286
Participants' fees	3,235	3,044
Total stable revenue	112,821	107,809
Other operating revenue		
Perusal and processing fees	9,823	8,600
Interest earned from CPs' and TCPs' contributions	6,972	4,172
Conference fees and exhibition related income	5,393	4,034
Miscellaneous operating income	2,083	1,073
Total other operating revenue	24,271	17,879
	381,321	331,251

¹ Clearing fees of the Group is stated net of the amount payable to the SC of RM41,369,000 (2010: RM36,530,000).

Notes to the Financial Statements

31 December 2011

3. Operating revenue

	Company	
	2011 RM'000	2010 RM'000
Broker services	11,742	11,236
Income from subsidiaries:		
Dividend income	125,131	117,651
Management fees	123,439	124,866
Office space rental income	5,297	6,047
Lease rental income	25,384	27,121
Commitment fees	600	600
	291,593	287,521

4. Other income

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Interest income from:				
Deposits with financial institutions	17,542	11,721	8,051	5,471
Investment securities	3,372	4,205	1,818	1,895
Others	535	680	498	629
Net gain on disposal of investment securities	328	649	223	622
Rental income	6,199	5,911	6,199	5,911
Dividend income	930	974	930	974
Fines	5,136	2,020	–	–
Grant income	2,636	2,297	1,547	1,675
Miscellaneous income	2,143	1,341	1,662	1,039
	38,821	29,798	20,928	18,216

5. Staff costs

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	62,903	60,733	57,649	56,124
Bonus	17,325	10,665	15,950	9,808
Social security contributions	351	338	335	322
Contributions to a defined contribution plan - EPF	11,776	10,532	11,097	9,928
Reversal of short term accumulating compensated unutilised leave	(70)	(45)	(100)	(256)
Retirement benefit obligations (Note 27(a))	1,542	1,577	1,542	1,577
SGP expense	2,548	–	2,342	–
Separation benefits	765	668	765	668
Other benefits	6,982	7,938	6,695	7,646
	104,122	92,406	96,275	85,817

Included in staff costs of the Group and of the Company are the Executive Directors' remuneration of RM5,083,000 (2010: RM1,509,000), as further disclosed in Note 8.

6. Depreciation and amortisation

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Depreciation of property, plant and equipment (Note 12)	18,760	19,829	18,071	19,178
Amortisation of computer software (Note 13)	19,684	23,404	18,747	22,740
	38,444	43,233	36,818	41,918

Notes to the Financial Statements

31 December 2011

7. Other operating expenses

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Amortisation of premium less accretion of discount	152	(1,305)	96	(1,447)
Auditors' remuneration:				
Statutory audit	265	251	62	58
Non-audit fees				
– Assurance related	57	55	57	55
– Tax and other non-audit services	95	523	29	456
Administrative expenses	6,157	6,237	5,919	5,980
Building management costs:				
Office rental	83	83	83	83
Upkeep and maintenance	10,584	10,118	10,584	10,056
Commitment fees	282	614	–	114
CDS consumables	3,885	3,738	3,885	3,738
Impairment loss/(reversal of impairment) on:				
Amount due from a subsidiary	–	–	8,527	–
Computer software	335	–	335	–
Investment in subsidiaries	–	–	5,734	–
Investment security	1,164	–	–	–
Trade and other receivables	(188)	(552)	20	(124)
Marketing and business development	9,976	11,860	4,022	6,064
Net (gain)/loss on foreign exchange differences	(32)	121	(6)	47
Operating lease payments	539	539	539	539
Professional fees	1,538	1,521	1,516	1,181
Property, plant and equipment and computer software written off	836	1,225	836	1,225
Rental of equipment	484	481	466	462
Technology charges:				
Information technology maintenance	15,775	14,973	15,592	14,590
Globex service fees	11,476	2,737	–	–
Others	8,000	8,437	7,377	8,662
	71,463	61,656	65,673	51,739

8. Directors' remuneration

	Group and Company	
	2011	2010
	RM'000	RM'000
Executive Director's remuneration (Note 5):		
Salaries and other emoluments	4,729	1,322
Defined contribution plan - EPF	354	187
	5,083	1,509
Estimated money value of benefits in kind	32	31
	5,115	1,540
Non-Executive Directors' remuneration:		
Fees	735	740
Other emoluments	1,348	1,358
	2,083	2,098
Estimated money value of benefits in kind	32	35
	2,115	2,133
Total Directors' remuneration	7,230	3,673
Total Directors' remuneration excluding benefits in kind	7,166	3,607
Estimated money value of benefits in kind	64	66
Total Directors' remuneration including benefits in kind	7,230	3,673

Notes to the Financial Statements

31 December 2011

8. Directors' remuneration

	2011		2010	
	Directors' fees RM'000	Other allowances ¹ / salaries RM'000	Directors' fees RM'000	Other allowances ¹ / salaries RM'000
Tun Mohamed Dzaiddin bin Haji Abdullah	90	742	90	722
Dato' Tajuddin bin Atan ²	15	3,535	60	63
Datuk Dr. Md Tap bin Salleh	60	60	45	55
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	60	55	24	19
Datuk Puteh Rukiah binti Abdul Majid	36	34	–	–
Datin Paduka Siti Sa'diah binti Sheikh Bakir	60	59	60	54
Dato' Dr. Thillainathan a/l Ramasamy	60	80	60	74
Tan Sri Datuk Dr. Abdul Samad bin Haji Alias	29	25	–	–
Izham bin Yusoff	60	56	60	64
Dato' Wong Puan Wah @ Wong Sulong	60	52	60	69
Cheah Tek Kuang	60	56	60	56
Dato' Saiful Bahri bin Zainuddin	60	61	60	54
Ong Leong Huat @ Wong Joo Hwa	60	41	60	43
Dato' Sri Abdul Wahid bin Omar	25	33	60	53
Dato' Abdul Latif bin Abdullah	–	–	15	30
Datuk Haji Faisyal bin Datuk Yusof Hamdain Diego	–	–	26	37
Dato' Yusli bin Mohamed Yusoff	–	1,606	–	1,540
	735	6,495	740	2,933

¹ 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.

² Dato' Tajuddin bin Atan was a Non-Executive Director from 1 January 2010 to 31 March 2011 and was appointed as an Executive Director with effect from 1 April 2011.

9. Income tax expense

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Income tax:				
Current year provision	64,207	43,095	18,949	20,198
(Over)/under provision of tax in prior year	(929)	134	(974)	71
	63,278	43,229	17,975	20,269
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(8,238)	4,505	(7,930)	1,596
(Over)/under provision of tax in prior year	(261)	379	(65)	342
	(8,499)	4,884	(7,995)	1,938
Total income tax expense	54,779	48,113	9,980	22,207

9. Income tax expense

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2011 and 31 December 2010 are as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accounting PBT	206,113	163,754	113,755	126,263
Taxation at Malaysian statutory tax rate of 25%	51,528	40,939	28,439	31,566
Deferred tax not recognised in respect of current year's tax losses	958	2,623	–	–
Effect of tax rate of 3% on PBT for subsidiary incorporated in Labuan	378	191	–	–
Effect of expenses not deductible for tax purposes	4,070	4,448	7,231	3,836
Effect of income not subject to tax	(951)	(662)	(22,539)	(13,608)
Utilisation of business losses by Bursa Malaysia Derivatives Berhad Fidelity Fund	–	61	–	–
Utilisation of previously unrecognised tax losses by a subsidiary	(14)	–	–	–
Utilisation of subsidiaries' losses under group relief	–	–	(2,112)	–
(Over)/under provision of deferred tax in prior year	(261)	379	(65)	342
(Over)/under provision of income tax in prior year	(929)	134	(974)	71
Tax expense for the year	54,779	48,113	9,980	22,207

The Company's tax charge for the year has been reduced by RM2,112,000 as unabsorbed losses of certain subsidiaries are offset against its taxable income. No payment will be made by the Company to its subsidiaries for the surrendering of these tax losses.

10. EPS

(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	
	2011	2010
Profit net of tax attributable to owners of the Company (RM'000)	146,160	113,041
Weighted average number of ordinary shares in issue ('000)	531,493	530,984
Basic EPS (sen)	27.5	21.3

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10. EPS

(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 arising from the SGP in 2011 and ESOS in 2010. For 2011, the dilutive effects included potential ordinary shares which may arise from the shares granted which have not vested as at the end of the year.

	Group 2011	2010
Profit net of tax attributable to owners of the Company (RM'000)	146,160	113,041
Weighted average number of ordinary shares in issue ('000)	531,493	530,984
Effect of dilution of share grant/options ('000)	454	961
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	531,947	531,945
Diluted EPS (sen)	27.5	21.3

11. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Recognised during the financial year:				
<i>Interim dividends on ordinary shares</i>				
13.0 sen per share under the single tier system, on 531,599,000 ordinary shares	69,108	–	69,108	–
9.5 sen per share under the single tier system, on 531,399,000 ordinary shares	–	50,483	–	50,483
<i>Final dividends on ordinary shares</i>				
10.5 sen per share under the single tier system, on 531,399,000 ordinary shares	–	55,797	55,797	–
9.0 sen per share under the single tier system, on 531,399,000 ordinary shares	–	–	–	47,826
	69,108	106,280	124,905	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 2011, of 13.0 sen per share on 531,599,000 ordinary shares, amounting to a dividend payable of approximately RM69,108,000 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 2012.

12. 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	Projects-in-progress RM'000	Total RM'000
Cost							
At 1 January 2011		318,747	31,567	117,315	1,843	–	469,472
Additions		586	323	1,408	918	2,990	6,225
Disposals		–	–	–	(545)	–	(545)
Write offs		–	–	(18)	–	–	(18)
Exchange differences		(1)	(1)	(13)	(1)	–	(16)
At 31 December 2011		319,332	31,889	118,692	2,215	2,990	475,118
Accumulated depreciation							
At 1 January 2011		112,560	30,536	94,500	772	–	238,368
Depreciation charge for the year	6	7,347	444	10,558	411	–	18,760
Disposals		–	–	–	(376)	–	(376)
Write offs		–	–	(15)	–	–	(15)
Exchange differences		(1)	(1)	(13)	(1)	–	(16)
At 31 December 2011		119,906	30,979	105,030	806	–	256,721
Net carrying amount at 31 December 2011		199,426	910	13,662	1,409	2,990	218,397
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	13	–	–	(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							
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	13	–	–	(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

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12. 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	Projects-in-progress RM'000	Total RM'000
Cost							
At 1 January 2011		318,517	30,982	100,613	1,606	–	451,718
Additions		586	289	1,400	918	1,039	4,232
Disposals		–	–	–	(545)	–	(545)
Write offs		–	–	(18)	–	–	(18)
At 31 December 2011		319,103	31,271	101,995	1,979	1,039	455,387
Accumulated depreciation							
At 1 January 2011		112,343	29,995	80,184	678	–	223,200
Depreciation charge for the year	6	7,343	432	9,920	376	–	18,071
Disposals		–	–	–	(376)	–	(376)
Write offs		–	–	(15)	–	–	(15)
At 31 December 2011		119,686	30,427	90,089	678	–	240,880
Net carrying amount at 31 December 2011							
		199,417	844	11,906	1,301	1,039	214,507
Cost							
At 1 January 2010		317,282	30,697	97,119	1,606	–	446,704
Additions		1,235	285	3,779	–	–	5,299
Reclassification	13	–	–	(285)	–	–	(285)
At 31 December 2010		318,517	30,982	100,613	1,606	–	451,718
Accumulated depreciation							
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	13	–	–	(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

12. 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 2011	285,960	19,862	12,925	318,747
Additions	–	–	586	586
Exchange differences	–	–	(1)	(1)
At 31 December 2011	285,960	19,862	13,510	319,332
Accumulated depreciation				
At 1 January 2011	93,980	9,613	8,967	112,560
Depreciation charge for the year	5,242	281	1,824	7,347
Exchange differences	–	–	(1)	(1)
At 31 December 2011	99,222	9,894	10,790	119,906
Net carrying amount at 31 December 2011	186,738	9,968	2,720	199,426
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				
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

Notes to the Financial Statements

31 December 2011

12. 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 2011	285,960	19,862	12,695	318,517
Additions	–	–	586	586
At 31 December 2011	285,960	19,862	13,281	319,103
Accumulated depreciation				
At 1 January 2011	93,980	9,613	8,750	112,343
Depreciation charge for the year	5,242	281	1,820	7,343
At 31 December 2011	99,222	9,894	10,570	119,686
Net carrying amount at 31 December 2011	186,738	9,968	2,711	199,417
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				
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

13. Computer software

	Note	2011			2010		
		Implemented projects RM'000	Projects-in-progress RM'000	Total RM'000	Implemented projects RM'000	Projects-in-progress RM'000	Total RM'000
Group							
Cost							
At 1 January		112,380	4,879	117,259	110,304	3,959	114,263
Additions		991	6,419	7,410	10,934	2,975	13,909
Write offs		(241)	(679)	(920)	(9,973)	(1,225)	(11,198)
Reclassification	12	–	–	–	1,115	(830)	285
At 31 December		113,130	10,619	123,749	112,380	4,879	117,259
Accumulated amortisation							
At 1 January		44,203	–	44,203	30,654	–	30,654
Amortisation charge for the year	6	19,684	–	19,684	23,404	–	23,404
Impairment loss recognised in income statement	7	335	–	335	–	–	–
Write offs		(87)	–	(87)	(9,973)	–	(9,973)
Reclassification	12	–	–	–	118	–	118
At 31 December		64,135	–	64,135	44,203	–	44,203
Net carrying amount at 31 December		48,995	10,619	59,614	68,177	4,879	73,056
Company							
Cost							
At 1 January		107,218	673	107,891	108,899	3,959	112,858
Additions		983	1,423	2,406	5,130	816	5,946
Reclassification	12	–	–	–	3,162	(2,877)	285
Write offs		(241)	(679)	(920)	(9,973)	(1,225)	(11,198)
At 31 December		107,960	1,417	109,377	107,218	673	107,891
Accumulated amortisation							
At 1 January		43,233	–	43,233	30,348	–	30,348
Amortisation charge for the year	6	18,747	–	18,747	22,740	–	22,740
Impairment loss recognised in income statement	7	335	–	335	–	–	–
Write offs		(87)	–	(87)	(9,973)	–	(9,973)
Reclassification	12	–	–	–	118	–	118
At 31 December		62,228	–	62,228	43,233	–	43,233
Net carrying amount at 31 December		45,732	1,417	47,149	63,985	673	64,658

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14. Goodwill

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January/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:

	Group	
	2011 RM'000	2010 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

The recoverable amount of this CGU has been determined based on value in use calculations using three year financial projections, with an expected decline in revenue in the first year and a cumulative annual growth rate of 20% in the subsequent two years. Expenses have been projected to grow at approximately 5% in accordance with expected developments in the CGU. No revenue and expense growth was projected from the fourth year to perpetuity.

(ii) Derivatives market

The recoverable amount of this CGU has been determined based on value in use calculations using five year financial projections, with growth of revenue between 20% to 35%, and growth of expenses between 15% to 25% in accordance to expected developments in the CGU. No revenue and expense growth was projected from the sixth year to perpetuity.

(iii) Discount rate

A 15% discount rate based on 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	
	2011	2010
	RM'000	RM'000
Unquoted shares, at cost	174,183	174,183
Less: Accumulated impairment losses	(25,207)	(19,473)
	148,976	154,710

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

Name of subsidiaries	Proportion of ownership interest		Ordinary paid-up capital as at 31.12.2011 RM'000	Principal activities
	2011 %	2010 %		
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.

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15. Investments in subsidiaries

Name of subsidiaries	Proportion of ownership interest		Ordinary paid-up capital as at 31.12.2011 RM'000	Principal activities
	2011 %	2010 %		
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		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-current				
AFS financial assets				
– Shares (quoted outside Malaysia)	59,079	75,997	59,079	75,997
– Bonds (unquoted)	34,292	34,407	–	–
	93,371	110,404	59,079	75,997
Current				
AFS financial assets				
– Bonds (unquoted)	28,632	27,335	28,632	27,335
HTM investment				
– Commercial paper	4,809	–	4,809	–
	33,441	27,335	33,441	27,335
Total investments	126,812	137,739	92,520	103,332

17. Staff loans receivable

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Housing loans	12,398	14,712	11,569	13,493
Vehicle loans	96	96	96	96
Computer loans	98	111	88	97
	12,592	14,919	11,753	13,686
Less: Portion within 12 months, included in other receivables (Note 20)	(914)	(1,114)	(807)	(986)
	11,678	13,805	10,946	12,700

18. Deferred tax assets/(liabilities)

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	(17,326)	(12,736)	(17,890)	(16,276)
Recognised in income statement (Note 9)	8,499	(4,884)	7,995	(1,938)
Recognised in other comprehensive income	(25)	294	9	324
At 31 December	(8,852)	(17,326)	(9,886)	(17,890)

Presented after appropriate offsetting as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deferred tax assets	1,034	1,023	–	–
Deferred tax liabilities	(9,886)	(18,349)	(9,886)	(17,890)
	(8,852)	(17,326)	(9,886)	(17,890)

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18. Deferred tax assets/(liabilities)

Deferred tax assets of the Group:

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment of receivables 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 2011	5,707	4,592	522	1	989	11,811
Recognised in income statement	371	1,660	20	12	(989)	1,074
At 31 December 2011	6,078	6,252	542	13	–	12,885
At 1 January 2010	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

Deferred tax assets of the Company:

	Provision for retirement benefits RM'000	Other payables RM'000	Allowance for impairment of receivables RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Total RM'000
At 1 January 2011	5,707	3,233	412	–	–	9,352
Recognised in income statement	371	1,610	10	11	–	2,002
At 31 December 2011	6,078	4,843	422	11	–	11,354
At 1 January 2010	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

18. Deferred tax assets/(liabilities)

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	AFS investments RM'000	Total RM'000
At 1 January 2011	(28,653)	(484)	(29,137)
Recognised in income statement	7,158	267	7,425
Recognised in other comprehensive income	–	(25)	(25)
At 31 December 2011	(21,495)	(242)	(21,737)
At 1 January 2010	(33,017)	(742)	(33,759)
Recognised in income statement	4,364	(36)	4,328
Recognised in other comprehensive income	–	294	294
At 31 December 2010	(28,653)	(484)	(29,137)

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	AFS investments RM'000	Total RM'000
At 1 January 2011	(27,072)	(170)	(27,242)
Recognised in income statement	6,000	(7)	5,993
Recognised in other comprehensive income	–	9	9
At 31 December 2011	(21,072)	(168)	(21,240)
At 1 January 2010	(32,710)	(515)	(33,225)
Recognised in income statement	5,638	21	5,659
Recognised in other comprehensive income	–	324	324
At 31 December 2010	(27,072)	(170)	(27,242)

At the financial year end, the Group has tax losses of approximately RM15,347,000 (2010: RM11,747,000) that are available for offset against future taxable 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.

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19. Trade receivables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade receivables	28,589	35,215	2,095	1,849
Less: Allowance for impairment	(719)	(1,689)	(238)	(486)
	27,870	33,526	1,857	1,363

20. Other receivables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Deposits	815	815	698	698
Prepayments	2,783	1,681	2,598	1,410
Interest receivables	4,120	2,045	2,071	656
Staff loans receivable within 12 months (Note 17)	914	1,114	807	986
Sundry receivables	10,109	10,843	3,107	3,254
	18,741	16,498	9,281	7,004
Less: Allowance for impairment	(5,809)	(6,301)	(1,647)	(1,647)
	12,932	10,197	7,634	5,357

21. Related company balances

The amounts due from subsidiaries are unsecured, receivable within 30 days and bear late interest charges of 2% above the prevailing base lending rate.

22. Cash and bank balances not belonging to the Group

	Group	
	2011 RM'000	2010 RM'000
Trade margins, collaterals and security deposits	632,795	672,590
SBL collaterals	3,371	3,986
Trade payables (Note c)	636,166	676,576
DCF contributions (Note 25(e)(ii))	22,428	22,428
CGF contributions (Note 25(e)(i))	12,057	11,115
Clearing funds' contributions	34,485	33,543
Cash received for eDividend distributions (included within other payables (Note 29))	1,229	204
Total cash and bank balances not belonging to the Group	671,880	710,323

22. Cash and bank balances not belonging to the Group

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. Cash received for eDividend distributions are placed in interest-bearing deposits until such time when dividend payment distribution is due. Details of the cash received are as follows:

	Group	
	2011	2010
	RM'000	RM'000
Cash on hand and at banks	51,449	43,489
Deposits with licensed financial institutions	620,431	666,834
	671,880	710,323

Note b

The amount of non-cash collaterals and contributions held by, but do not belong to the Group, and which are not included in the Group's statement of financial position as at the financial year end comprise the following:

	Group	
	2011	2010
	RM'000	RM'000
Collaterals in the form of letters of credit	407,500	307,500
Contributions to the CGF in the form of bank guarantees (Note 25(e)(i))	5,410	6,179
	412,910	313,679

Note c

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

23. Cash and bank balances

	Group		Company	
	2011	2010	2011	2010
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	3,549	7,266	637	4,674
Deposits with:				
Licensed banks	472,167	397,661	246,643	214,483
Licensed investment banks	24,227	45,011	15,375	31,259
	496,394	442,672	262,018	245,742
Total	499,943	449,938	262,655	250,416

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23. Cash and bank balances

Included in cash and bank balances are the following:

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

	Group	
	2011 RM'000	2010 RM'000
Bursa Malaysia Securities Clearing's contribution to the CGF (Note 25(e)(i))	25,000	25,000
Bursa Malaysia Derivatives Clearing's contribution to the DCF (Note 25(e)(ii))	5,000	5,000
	30,000	30,000

(ii) An amount of RM7,772,000 (2010: RM8,410,000) which has been set aside to meet or secure the claims of creditors and certain lease payments pursuant to the High Court order issued in relation to the reduction of capital of the Company on 27 January 2005.

24. Share capital

	Number of ordinary shares of RM0.50 each		Amount	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 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	531,399	528,656	265,700	264,328
Issued during the year pursuant to SGP (Note 27(b))/ESOS (Note 27(c))	200	2,743	100	1,372
At 31 December	531,599	531,399	265,800	265,700

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

	Note	Group		Company	
		2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Capital reserve	(a)	13,900	13,900	–	–
Capital redemption reserve	(b)	5,250	5,250	–	–
Foreign currency translation reserve	(c)	(1,235)	(1,294)	–	–
Share grant reserve	(d)	996	–	996	–
Clearing fund reserves	(e)	30,000	30,000	–	–
AFS reserve	(f)	(24,776)	(9,003)	(24,999)	(8,025)
		24,135	38,853	(24,003)	(8,025)

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 non-controlling 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	
	2011 RM'000	2010 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 shareholder 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 grant/option reserve

The share grant/option reserve represents the equity-settled shares/share options granted to employees. These reserves are made up of the cumulative value of services received from employees recorded on grant of shares/share options. The balance of the share option reserve was transferred to retained earnings in the previous financial year upon the expiry of the ESOS. The share grant reserve was created during the current financial year when shares were granted to employees under the SGP.

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25. Other reserves

(e) Clearing fund reserves

	Note	Group 2011 RM'000	2010 RM'000
Amount set aside for:			
CGF, in accordance with Rules of Bursa Malaysia Securities Clearing	(i)	25,000	25,000
DCF, in accordance with Rules of Bursa Malaysia Derivatives Clearing	(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:

	2011 RM'000	2010 RM'000
Contributions from TCPs of Bursa Malaysia Securities Clearing (Note 22)	12,057	11,115
Contribution from Bursa Malaysia Securities Clearing (Note 23(i))	25,000	25,000
Standby Credit Facility from the Company (Note 32(b))	60,000	60,000
	97,057	96,115
Non-cash collaterals from TCPs of Bursa Malaysia Securities Clearing (Note 22(b))	5,410	6,179
	102,467	102,294

(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:

	2011 RM'000	2010 RM'000
Contributions from CPs of Bursa Malaysia Derivatives Clearing (Note 22)	22,428	22,428
Contribution from Bursa Malaysia Derivatives Clearing (Note 23(i))	5,000	5,000
	27,428	27,428

There were no non-cash collaterals from CPs of Bursa Malaysia Derivatives Clearing for DCF held by the Group as at 31 December 2011 and 31 December 2010.

25. Other reserves

(f) AFS reserve

AFS reserve represents the cumulative fair value changes, net of tax, of AFS financial assets until they are disposed or impaired.

26. Retained earnings

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:

	Group and Company	
	2011	2010
	RM'000	RM'000
At 1 January	22,825	23,893
Recognised in income statement (Note 5)	1,542	1,577
Contributions paid	(56)	(2,645)
At 31 December	24,311	22,825

The amounts recognised in the statements of financial position were determined as follows:

	Group and Company	
	2011	2010
	RM'000	RM'000
Present value of funded defined benefit obligations	35,012	25,839
Fair value of plan assets	(1,412)	(1,853)
Unrecognised actuarial losses	(9,289)	(1,161)
Net liability	24,311	22,825

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27. Employee benefits

(a) Retirement benefit obligations

The present value of defined benefit obligations are analysed as follows:

	Group and Company	
	2011	2010
	RM'000	RM'000
Current	931	863
Non-current:		
Later than one year but not later than two years	985	864
Later than two years but not later than five years	6,501	3,773
Later than five years	26,595	20,339
	34,081	24,976
Total	35,012	25,839

The amounts recognised in the profit or loss during the year were as follows:

	Group and Company	
	2011	2010
	RM'000	RM'000
Interest cost	1,588	1,593
Expected return on plan assets	(46)	(16)
Total	1,542	1,577

The actual return on the plan assets of the Group and of the Company for the year was a gain of RM39,000 (2010: RM22,000).

Principal actuarial assumptions used:

	2011	2010
	%	%
Discount rate	5.8	6.3
Expected return on plan assets	2.5	2.3
Expected rate of salary increase	8.0	5.0

27. Employee benefits

(b) SGP

The SGP is governed by the By-Laws approved by the shareholders at an EGM held on 14 April 2011. The SGP has been implemented on 18 April 2011 and is in force for a maximum period of 10 years from the date of implementation.

The SGP comprises two types of performance-based awards, namely RSP and PSP.

The salient features and terms of the SGP were as follows:

- (i) The Committee (appointed by the Board to administer the SGP) may, in its discretion where necessary, direct the implementation and administration of the plan. The Committee may at any time within the duration of the plan, offer RSP and PSP awards under the SGP to eligible employees or Executive Directors of the Group, in which such offer shall lapse should the eligible employees or Executive Directors of the Group fail to accept within the period stipulated.
- (ii) To facilitate the implementation of the SGP, a Trust to be administered in accordance to the Trust Deed by the Trustee appointed by the Company was established. The Trustee shall subscribe for new ordinary shares of RM0.50 each in the Company and transfer the shares to eligible employees or Executive Directors of the Group participating in the SGP. The Trustee will obtain financial funding from the Company and/or its subsidiaries and/or third parties for purposes of administering the Trust.
- (iii) The total number of shares to be issued under the SGP shall not exceed in aggregate 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the tenure of the SGP 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 SGP 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.
- (iv) All new ordinary shares issued pursuant to the SGP will rank pari passu in all respect with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.
- (v) The shares granted will only be vested to the eligible employees or Executive Directors of the Group who have duly accepted the offer of awards under the SGP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
 - Eligible employees or Executive Directors of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service as at the vesting dates.
 - In respect of the PSP, eligible employees or Executive Directors of the Group having achieved his/her performance targets as stipulated by the Committee and as set out in their offer of awards.

The following table illustrates the number of and movements in shares granted under the SGP during the financial year:

	Number of shares				
	At implementation date '000	Granted '000	Vested '000	Forfeited '000	Outstanding at 31.12.2011 '000
2011					
2011 RSP	–	778	(200)	(37)	541

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27. Employee benefits

(b) SGP

(i) Fair value of shares granted during the financial year

The fair value of RSP shares granted during the financial year was estimated by an external valuer using a discounted cash flow model, taking into account the terms and conditions upon which the RSP shares were granted. The fair value of shares measured at grant date and the assumptions were as follows:

Fair value of RSP shares:	
– Granted on 1 July 2011 and vested on 15 July 2011	RM7.77
– Granted on 1 July 2011 but have not vested	RM7.11 - RM7.55
Share price at grant date	RM7.78
Expected life	One to three years
Risk free rate	3.2%
Expected dividend yield	3.0%

The share price at grant date used was the closing price of the Company's shares on that date. The expected life of the RSP shares was based on the vesting period of the shares granted. The expected dividend yield used was based on historical data and future estimates, which may not necessarily be the actual outcome. No other features of the share grant were incorporated into the measurement of fair value.

(ii) Share grant vested during the year

As disclosed in Note 24, share grant vested during the financial year resulted in the issuance of 200,000 ordinary shares of RM0.50 each. The share price at the vesting date was RM7.69.

(iii) Details of share grant outstanding at the end of the financial year

The 2011 RSP will vest on 16 July 2012, 15 July 2013 and 15 July 2014.

(c) ESOS

The ESOS was governed by the By-Laws approved by the shareholders at an EGM held on 11 December 2004. The ESOS was implemented on 9 March 2005 and was in force until it expired on 8 March 2010.

The salient terms of the ESOS were as follows:

- (i) The Option Committee appointed by the Board 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.

27. Employee benefits

(c) ESOS

(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 5 market days immediately preceding the date on which the options are granted with a discount of not more than 10% at the Option Committee's discretion, provided that the option price shall in no event be less than the par value of the shares of the Company of RM0.50.

(iv) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company other than as may be specified in a resolution approving the distribution of dividends prior to their exercise dates.

The following table illustrates the number of and movements in share options during the previous financial year, and the related weighted average prices.

	Number of shares options			
	Outstanding at 1.1.2010 '000	Movements during the year		Outstanding at 31.12.2010 '000
		Exercised '000	Forfeited '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)	–
Weighted average exercise price	2.41	2.57	–	–
Weighted average share price at exercise date	–	7.75	–	–

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28. Deferred capital grants

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
At 1 January	10,986	12,211	9,047	9,650
Grant recognised	3,500	1,072	–	1,072
Grant income (Note 4)	(2,636)	(2,297)	(1,547)	(1,675)
At 31 December	11,850	10,986	7,500	9,047

The deferred capital grants of the Group refer to grants for the development of the bond trading platform, the development of clearing facilities and licence for the order management system 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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Accruals	12,107	12,838	10,034	11,123
Amount owing to SC	3,550	5,012	–	–
Provision for other liabilities	21,134	14,227	19,253	12,997
Receipts in advance	11,186	10,478	9,891	9,321
Sundry payables	19,353	26,361	10,210	14,349
	67,330	68,916	49,388	47,790

Included in sundry payables of the Group is cash received for eDividend distributions amounting to RM1,229,000 (2010: RM204,000).

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:

	2011 RM'000	2010 RM'000
Bursa Malaysia Securities - Securities Compensation Fund (Securities Compensation Fund)	305,867	298,118
Bursa Malaysia Derivatives - Fidelity Fund (Derivatives Fidelity Fund)	14,225	13,978
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 are accounted for separately.

30. Compensation funds

(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	
	2011	2010
	RM'000	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	40,792	41,331
	43,486	44,025

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31. Operating lease arrangements

(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	
	2011	2010
	RM'000	RM'000
Not later than one year	5,651	5,693
Later than one year and not later than two years	2,707	5,590
Later than two years and not later than five years	–	2,468
	8,358	13,751

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 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	
	2011	2010
	RM'000	RM'000
Not later than one year	5,290	5,297
Later than one year and not later than five years	–	4,855
	5,290	10,152

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 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	
	2011 RM'000	2010 RM'000
Not later than one year	24,703	23,147
Later than one year and not later than five years	67,496	60,474
Later than five years	35,422	14,688
	127,621	98,309

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Approved and contracted for				
Computers and office automation	8,201	15,819	1,840	3,027
Renovation	340	448	340	448
	8,541	16,267	2,180	3,475
Approved but not contracted for				
Computers and office automation	13,616	5,317	9,804	1,098
Renovation	80	–	80	–
	13,696	5,317	9,884	1,098

(b) Other commitments

A standby credit facility of RM60 million (2010: RM60 million) was provided by the Company to Bursa Malaysia Securities Clearing in respect of the CGF (Note 25(e)(i)).

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33. Significant related party disclosures

(a) Transactions with subsidiaries

Significant transactions between the Company and its subsidiaries are as follows:

	2011 RM'000	2010 RM'000
Management fee income from:		
Bursa Malaysia Securities	67,572	65,762
Bursa Malaysia Derivatives	9,642	12,034
LFX	1,786	887
Bursa Malaysia Securities Clearing	6,907	7,498
Bursa Malaysia Derivatives Clearing	3,481	2,510
Bursa Malaysia Depository	17,171	21,267
Bursa Malaysia Information	5,351	5,825
Bursa Malaysia Islamic Services	6,636	4,767
Bursa Malaysia Bonds	4,893	4,316
	123,439	124,866
Office space rental income from:		
Bursa Malaysia Securities	2,110	2,426
Bursa Malaysia Derivatives	522	453
LFX	101	149
Bursa Malaysia Securities Clearing	675	720
Bursa Malaysia Depository	935	910
Bursa Malaysia Information	389	802
Bursa Malaysia Islamic Services	411	432
Bursa Malaysia Bonds	154	155
	5,297	6,047
Lease rental income from:		
Bursa Malaysia Securities	20,260	18,617
Bursa Malaysia Derivatives	771	3,346
LFX	45	164
Bursa Malaysia Securities Clearing	1,294	1,771
Bursa Malaysia Derivatives Clearing	146	173
Bursa Malaysia Depository	1,019	1,263
Bursa Malaysia Information	129	266
Bursa Malaysia Bonds	578	2
Bursa Malaysia Islamic Services	1,142	1,519
	25,384	27,121
Commitment fees from a subsidiary, Bursa Malaysia Securities Clearing	600	600

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.

33. Significant related party disclosures

(a) Transactions with subsidiaries

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	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Administration fee income from Securities Compensation Fund, a fund managed by the Company	911	889	911	889
Administration fee income from Derivatives Fidelity Fund, a fund managed by a subsidiary	120	120	–	–

During the financial year, the Group received a grant amounting to RM3,500,000 from CMDF, a shareholder of the Company (see 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.

(c) Compensation of key management personnel

Key management personnel refers to the management committee of the Group. The remuneration of key management personnel during the financial year was as follows:

	Group and Company	
	2011 RM'000	2010 RM'000
Short term employee benefits	9,546	7,112
Contributions to defined contribution plan - EPF	974	873
Shares granted under SGP	148	–
Separation benefit	800	441
Other long term benefits	22	24
	11,490	8,450

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33. Significant related party disclosures

(c) Compensation of key management personnel

Included in total remuneration of key management personnel is:

	Group and Company	
	2011	2010
	RM'000	RM'000
Executive Director's remuneration (Note 8)	5,083	1,509
Benefits-in-kind (Note 8)	32	31
	5,115	1,540

The Executive Director of the Group and of the Company and other key management personnel have been granted the following number of shares under the SGP and share options under the ESOS:

	Group and Company	
	2011	2010
	'000	'000
At 1 January	–	4,364
Granted	41	–
Vested/exercised	(11)	(503)
Forfeited	(5)	(3,861)
At 31 December	25	–

The percentage of actual shares granted to key management personnel under the SGP over the maximum number of shares issuable under the SGP is 0.08%.

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 over the ordinary shares of Bursa Malaysia Derivatives representing the 25% equity interest disposed of to CME. 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 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.

35. Financial risk management objectives and policies

(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 CME. The shares were obtained as part of the purchase consideration in the strategic alliance forged with CME.

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.

An increase/decrease of 1% (2010: 1%) in the quoted price of the instrument would result in an increase/decrease in equity of RM591,000 (2010: 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, commercial paper and deposits in licensed financial institutions.

The Group and the Company manage interest rate risk by investing in varied asset classes.

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Group and of the Company's PAT and equity to a 25 basis point (2010: 25 basis point) increase/decrease in interest rates with all other variables held constant:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Increase/decrease in PAT	940	830	500	461
Increase/decrease on equity	630	545	347	348

The sensitivity is the effect of the assumed changes in interest rates on:

- (i) the net interest income for the year, based on the financial assets held at the end of the financial year; and
- (ii) changes in fair value of investment securities for the year, based on revaluing fixed rate financial assets at the end of the financial year.

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35. Financial risk management objectives and policies

(b) Market risk: Interest rate risk

Interest rate risk exposure

The following table analyses the Group and the Company's interest rate risk exposure. The unquoted bonds, commercial papers and deposits with licensed financial institutions are categorised by maturity dates.

	Maturity			Total RM'000	Effective interest rate %
	Less than one year RM'000	One to five years RM'000	More than five years RM'000		
Group					
At 31 December 2011					
Investment securities	15,379	41,432	10,922	67,733	4.66
Deposits with licensed financial institutions	496,394	–	–	496,394	3.44
At 31 December 2010					
Investment securities	10,427	35,205	16,110	61,742	4.84
Deposits with licensed financial institutions	442,672	–	–	442,672	3.02
Company					
At 31 December 2011					
Investment securities	5,362	17,157	10,922	33,441	4.84
Deposits with licensed financial institutions	262,018	–	–	262,018	3.47
At 31 December 2010					
Investment securities	501	21,124	5,710	27,335	5.31
Deposits with licensed financial institutions	245,742	–	–	245,742	3.05

35. Financial risk management objectives and policies

(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 shares which are denominated in USD and transactions in USD.

The Group is not exposed to foreign currency risk from the holding of margins and collaterals as the risks are borne by the participants. The following table depicts this through the netting off of monies held as margins and collaterals against the corresponding liability.

Group	USD RM'000	SGD RM'000	JPY RM'000	Total RM'000
At 31 December 2011				
Financial assets				
Cash and bank balances	109,633	1,230	4,451	115,314
Financial liabilities				
Trade payables	(109,633)	(1,230)	(4,451)	(115,314)
	-	-	-	-
At 31 December 2010				
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:

Group	2011		2010	
	USD RM'000	EUR RM'000	USD RM'000	EUR RM'000
Financial assets				
Investment securities - shares quoted outside Malaysia	59,079	-	75,997	-
Trade receivables	453	-	788	-
	59,532	-	76,785	-
Financial liabilities				
Other payables	2,884	609	2,727	1,459

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31 December 2011

35. Financial risk management objectives and policies

(c) Market risk: Foreign currency risk

Company	2011		2010	
	USD RM'000	EUR RM'000	USD RM'000	EUR RM'000
Financial assets				
Investment securities - shares quoted outside Malaysia	59,079	-	75,997	-
Financial liabilities				
Other payables	-	609	-	1,459

The following table demonstrates the sensitivity of the Group and of the Company's PAT 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	
	PAT RM'000	Equity RM'000	PAT RM'000	Equity RM'000
2011				
USD - strengthen by 5% against RM	(91)	2,863	-	2,954
EUR - strengthen by 5% against RM	(23)	(23)	(23)	(23)
2010				
USD - strengthen by 5% against RM	(73)	3,727	-	3,800
EUR - strengthen by 5% against RM	(55)	(55)	(55)	(55)

An equivalent weakening of the foreign currency as shown above would have resulted in an equivalent, but opposite, impact.

(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.

35. Financial risk management objectives and policies

(d) Liquidity risk

(i) Liabilities related risk

The table below summarises the maturity profile of the Group and of the Company's liabilities at the financial year end based on contractual undiscounted repayment obligations.

Group	Maturity			Total RM'000
	On demand RM'000	Less than three months RM'000	Three to twelve months RM'000	
At 31 December 2011				
Current liabilities				
Other payables which are financial liabilities	11,027	10,113	1,763	22,903
At 31 December 2010				
Current liabilities				
Other payables which are financial liabilities	10,809	17,774	2,790	31,373

Company	Maturity			Total RM'000
	On demand RM'000	Less than three months RM'000	Three to twelve months RM'000	
At 31 December 2011				
Current liabilities				
Other payables which are financial liabilities	5,059	3,388	1,763	10,210
At 31 December 2010				
Current liabilities				
Other payables which are financial liabilities	5,569	6,071	2,709	14,349

Notes to the Financial Statements

31 December 2011

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 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	On demand	
	2011 RM'000	2010 RM'000
Current assets		
Cash and bank balances not belonging to the Group	670,651	710,119
Current liabilities		
Trade payables	(636,166)	(676,576)
CPs and TCPs contributions to clearing funds	(34,485)	(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.

As at the current and previous 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

Investment securities and cash and bank balances

The counterparty risk rating of the Group and of the Company's investment securities and cash and bank balances with financial institutions at the financial year end are as follows:

Group	Counterparty risk ratings						Total RM'000
	P1 RM'000	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	BB RM'000	
At 31 December 2011							
Cash and bank balances	–	567,150	561,725	42,948	–	–	1,171,823
AFS financial assets – unquoted bonds	–	17,115	36,687	5,255	–	3,867	62,924
HTM investment – commercial paper	4,809	–	–	–	–	–	4,809
Note a							
At 31 December 2010							
Cash and bank balances	–	540,630	488,170	131,461	–	–	1,160,261
AFS financial assets – unquoted bonds	–	20,342	26,593	10,799	4,008	–	61,742

Note a

Note a

The risk rating of this AFS unquoted bond was downgraded from BBB in the previous financial year to BB in the current financial year.

Company	Counterparty risk ratings					Total RM'000
	P1 RM'000	AAA RM'000	AA RM'000	A RM'000		
At 31 December 2011						
Cash and bank balances	–	129,014	113,958	19,683		262,655
AFS financial assets – unquoted bonds	–	7,034	16,343	5,255		28,632
HTM investment – commercial paper	4,809	–	–	–		4,809
At 31 December 2010						
Cash and bank balances	–	84,390	96,185	69,841		250,416
AFS financial assets – unquoted bonds	–	5,263	16,193	5,879		27,335

Notes to the Financial Statements

31 December 2011

35. Financial risk management objectives and policies

(e) Credit risk

Receivables

The ageing analysis of the Group and the Company's receivables are as follows:

Group	Total RM'000	Impaired RM'000	Neither past due nor impaired RM'000	Past due not impaired					Total past due not 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	
At 31 December 2011									
Staff loans receivable	12,592	–	12,592	–	–	–	–	–	–
Trade receivables	28,589	719	23,831	2,565	831	190	251	202	4,039
Other receivables which are financial assets	15,044	5,809	7,881	–	–	–	–	1,354	1,354
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	5,182	–	–	–	–	2,220	2,220
Company									
Company	Total RM'000	Impaired RM'000	Neither past due nor impaired RM'000	Past due not impaired					Total past due not 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	
At 31 December 2011									
Staff loans receivable	11,753	–	11,753	–	–	–	–	–	–
Trade receivables	2,095	238	429	1,154	150	9	73	42	1,428
Other receivables which are financial assets	5,876	1,647	3,078	–	–	–	–	1,151	1,151
Due from subsidiaries	34,476	8,527	25,949	–	–	–	–	–	–
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	1,582	–	–	–	–	1,379	1,379
Due from subsidiaries	27,773	–	27,773	–	–	–	–	–	–

35. Financial risk management objectives and policies

(e) Credit risk

(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 with 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 current and previous 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.

(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:

	Trade receivables		Other receivables		Due from subsidiaries
	2011	2010	2011	2010	2011
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
At nominal amounts	971	2,391	7,077	8,199	–
Less: Allowance for impairment	(719)	(1,689)	(5,809)	(6,301)	–
	252	702	1,268	1,898	–
Movement in allowance accounts:					
At 1 January	1,689	2,336	6,301	2,344	–
Charge/(reversal) of impairment losses for the year	304	(611)	(492)	59	–
Reclassification	–	–	–	3,898	–
Written off	(1,274)	(36)	–	–	–
At 31 December	719	1,689	5,809	6,301	–
Company					
At nominal amounts	304	812	2,712	2,712	8,527
Less: Allowance for impairment	(238)	(486)	(1,647)	(1,647)	(8,527)
	66	326	1,065	1,065	–
Movement in allowance accounts:					
At 1 January	486	534	1,647	1,759	–
Charge/(reversal) of impairment losses for the year	20	(12)	–	(112)	8,527
Written off	(268)	(36)	–	–	–
At 31 December	238	486	1,647	1,647	8,527

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31 December 2011

35. Financial risk management objectives and policies

(e) Credit risk

(ii) Receivables that are impaired

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 approximations of fair value

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2011				
Staff loans receivable (Note 17)	12,592	8,857	11,753	8,170
At 31 December 2010				
Staff loans receivable (Note 17)	14,919	10,104	13,686	9,170

(b) Determination of fair value

(i) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that have carrying amounts which are reasonable approximations 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 and bank balances not belonging to the Group	22
Cash and bank balances of the Group	23
Trade payables and clearing funds' contributions	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.

36. Fair value of financial instruments

(b) Determination of fair value

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

37. Classification of financial instruments

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 of the Company in the statements of financial position by the class of financial instrument to which they are assigned, and therefore by the measurement basis.

Group	AFS RM'000	HTM RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2011					
Assets					
Investment securities	122,003	4,809	-	-	126,812
Staff loans receivable	-	-	12,592	-	12,592
Trade receivables	-	-	27,870	-	27,870
Other receivables which are financial assets	-	-	9,235	-	9,235
Cash and bank balances not belonging to the Group	-	-	671,880	-	671,880
Cash and bank balances of the Group	-	-	499,943	-	499,943
Total financial assets	122,003	4,809	1,221,520	-	1,348,332
Liabilities					
Trade payables	-	-	-	636,166	636,166
Clearing funds' contributions	-	-	-	34,485	34,485
Other payables which are financial liabilities	-	-	-	22,903	22,903
Total financial liabilities	-	-	-	693,554	693,554

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37. Classification of financial instruments

Group	AFS RM'000	HTM RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2010					
Assets					
Investment securities	137,739	–	–	–	137,739
Staff loans receivable	–	–	14,919	–	14,919
Trade receivables	–	–	33,526	–	33,526
Other receivables which are financial assets	–	–	7,402	–	7,402
Cash and bank balances not belonging to the Group	–	–	710,323	–	710,323
Cash and bank balances of the Group	–	–	449,938	–	449,938
Total financial assets	137,739	–	1,216,108	–	1,353,847
Liabilities					
Trade payables	–	–	–	676,576	676,576
Clearing funds' contributions	–	–	–	33,543	33,543
Other payables which are financial liabilities	–	–	–	31,373	31,373
Total financial liabilities	–	–	–	741,492	741,492
At 31 December 2011					
Assets					
Investment securities	87,711	4,809	–	–	92,520
Staff loans receivable	–	–	11,753	–	11,753
Trade receivables	–	–	1,857	–	1,857
Other receivables which are financial assets	–	–	4,229	–	4,229
Due from subsidiaries	–	–	25,949	–	25,949
Cash and bank balances	–	–	262,655	–	262,655
Total financial assets	87,711	4,809	306,443	–	398,963
Liabilities					
Other payables which are financial liabilities	–	–	–	10,210	10,210

37. Classification of financial instruments

Company	AFS RM'000	HTM RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2010					
Assets					
Investment securities	103,332	–	–	–	103,332
Staff loans receivable	–	–	13,686	–	13,686
Trade receivables	–	–	1,363	–	1,363
Other receivables which are financial assets	–	–	2,961	–	2,961
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	–	–	–	14,349	14,349

38. Classification of financial instruments carried at fair value

The fair value measurement hierarchies used to measure financial assets carried at fair value in the statements of financial position as at 31 December 2011 are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group			
At 31 December 2011			
Assets			
AFS financial assets	59,079	62,924	122,003
Company			
At 31 December 2011			
Assets			
AFS financial assets	59,079	28,632	87,711

There were no material transfers between Level 1 and Level 2 during the current financial year.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial instruments classified as Level 3 as at 31 December 2011.

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39. 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% of its profits to shareholders, it has been able thus far to distribute at least 90% 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 RM872,243,000 (2010: RM863,290,000) as at the end of the respective financial year.

There has been no change in the above capital management objectives, policies and processes compared to the previous year.

40. 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 segments 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 and liabilities, overheads and income tax expenses.

Management monitors the operating results of its market segments separately for the purpose of making decisions about resource allocation and performance assessment.

Transfer prices between segments are set on an arm's length basis in a manner similar to transactions with third parties.

40. Segment information

Market segments

31 December 2011	Securities market RM'000	Derivatives market RM'000	Exchange holding RM'000	Others RM'000	Consolidated RM'000
Operating revenue	298,298	69,048	11,742	2,233	381,321
Other income	15,275	3,369	18,539	1,638	38,821
Direct costs	(94,162)	(35,630)	(13,150)	(12,718)	(155,660)
Segment profit/(loss)	219,411	36,787	17,131	(8,847)	264,482
Overheads					(58,369)
PBT					206,113
Segment assets					
Assets that belong to the Group	404,692	126,128	432,184	37,199	1,000,203
Assets that do not belong to the Group	16,657	655,223	-	-	671,880
Segment assets	421,349	781,351	432,184	37,199	1,672,083
Unallocated corporate assets					1,422
Total assets					1,673,505
Segment liabilities					
Liabilities that belong to the Group	19,116	12,650	43,375	27,121	102,262
Liabilities that do not belong to the Group	16,657	655,223	-	-	671,880
Segment liabilities	35,773	667,873	43,375	27,121	774,142
Unallocated corporate liabilities					24,738
Total liabilities					798,880
Other information					
Depreciation and amortisation in:					
Segments	21,395	2,319	277	2,904	26,895
Overheads	-	-	-	-	11,549
Other significant non-cash expenses:					
Impairment loss on computer software	-	-	-	335	335
Impairment loss on investment security	1,164	-	-	-	1,164
Net (reversal of impairment)/impairment loss on trade and other receivables	(194)	(8)	21	(7)	(188)
Property, plant and equipment written off	836	-	-	-	836
Retirement benefit obligations	-	-	1,542	-	1,542
SGP expense in:					
Segments	1,394	343	117	15	1,869
Overheads	-	-	-	-	679

Notes to the Financial Statements

31 December 2011

40. Segment information

Market segments

31 December 2010	Securities market RM'000	Derivatives market RM'000	Exchange holding RM'000	Others RM'000	Consolidated RM'000
Operating revenue	267,893	50,846	11,242	1,270	331,251
Other income	9,638	2,573	15,736	1,851	29,798
Direct costs	(88,461)	(32,106)	(12,852)	(10,770)	(144,189)
Segment profit/(loss)	189,070	21,313	14,126	(7,649)	216,860
Overheads					(53,106)
PBT					163,754
Segment assets					
Assets that belong to the Group	406,554	118,603	427,415	39,750	992,322
Assets that do not belong to the Group	15,305	695,018	–	–	710,323
Segment assets	421,859	813,621	427,415	39,750	1,702,645
Unallocated corporate assets					5,609
Total assets					1,708,254
Segment liabilities					
Liabilities that belong to the Group	26,419	13,932	45,086	17,086	102,523
Liabilities that do not belong to the Group	15,305	695,018	–	–	710,323
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 in:					
Segments	20,361	7,375	1,778	2,867	32,381
Overheads	–	–	–	–	10,852
Other significant non-cash expenses:					
Net impairment loss on trade and other receivables	(392)	(61)	(124)	25	(552)
Retirement benefit obligations	–	–	1,577	–	1,577

41. Supplementary information pursuant to MMLR

The breakdown and components of retained earnings are identified and disclosed in accordance with MMLR as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Total retained earnings:				
Realised	480,154	476,870	428,972	454,469
Unrealised	(8,660)	(17,346)	(9,704)	(14,071)
Consolidation adjustments	471,494 11,411	459,524 2,126	419,268 -	440,398 -
	482,905	461,650	419,268	440,398

List of Properties

owned by Bursa Malaysia Group as at 31 December 2011

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 2011 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*	81 years (14 Apr 2092)	14 years	7,144/ 71,347	Aug 1997	139,086
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*	84 years (28 Feb 2095)	13 years	9,314/ 38,609	Mar 1998	47,652
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	28 years	N/A/ 3,355	May 1998	9,968

* These are freehold lands which have been leased to us by the Federal Land Commissioner for a period of 99 years.

Statistics of Shareholdings

As at 31 January 2012

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	:	RM265,799,550 comprising 531,599,100 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	105	1	106	0.38	1,727	12	1,739	0.00
100 – 1,000	10,707	149	10,856	38.94	9,238,620	123,200	9,361,820	1.76
1,001 – 10,000	13,549	471	14,020	50.29	52,752,093	2,318,767	55,070,860	10.36
10,001 – 100,000	2,404	256	2,660	9.54	62,915,230	8,634,618	71,549,848	13.46
100,001 – less than 5% of issued shares	149	86	235	0.84	113,282,600	73,969,038	187,251,638	35.22
5% and above of issued shares	3	0	3	0.01	208,363,195	0	208,363,195	39.20
Total	26,917	963	27,880	100.00	446,553,465	85,045,635	531,599,100	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		22,757	498	111,125,820	6,650,312	20.90	1.25
2.	Body Corporate							
	a. Banks/finance companies	35	1	47,851,425	71,300	9.00	0.01	
	b. Investment trust/foundation/charities	13	0	534,600	0	0.10	0	
	c. Industrial and commercial companies	305	19	13,826,525	506,700	2.60	0.10	
3.	Government agencies/institutions	4	0	169,112,901	0	31.81	0	
4.	Nominees	3,802	445	104,092,194	77,817,323	19.58	14.64	
5.	Others	1	0	10,000	0	0	0	
Total			26,917	963	446,553,465	85,045,635	84.00	16.00

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	61,200,000	11.51
3.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	47,403,194	8.92
4.	Kumpulan Wang Persaraan (Diperbadankan)	25,886,000	4.87
5.	CIMSEC Nominees (Tempatan) Sdn Bhd Minister of Finance Incorporated (ESOS Pool Account)	25,000,000	4.70

Statistics of Shareholdings

As at 31 January 2012

Top 30 Securities Account Holders

No.	Name	No. of Issued Shares	% of Issued Shares
6.	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for State Street Bank & Trust Company (West CLT OD67)	11,912,300	2.24
7.	Lembaga Tabung Angkatan Tentera	8,147,900	1.53
8.	Valuecap Sdn Bhd	7,314,100	1.38
9.	HSBC Nominees (Asing) Sdn Bhd BNP Paribas SECS SVS LUX for Aberdeen Global	6,840,000	1.29
10.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	6,096,014	1.15
11.	The Nomad Group Bhd	6,072,728	1.14
12.	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	5,735,400	1.08
13.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (Saudi Arabia)	4,276,300	0.80
14.	Pertubuhan Keselamatan Sosial	3,846,200	0.72
15.	Cartaban Nominees (Asing) Sdn Bhd State Street London Fund OD75 for iShares Public Limited Company	3,639,100	0.69
16.	HSBC Nominees (Asing) Sdn Bhd BNY Brussels for City of New York Group Trust	3,503,900	0.66
17.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.A.E.)	2,965,190	0.56
18.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-Asing)	2,125,700	0.40
19.	Cartaban Nominees (Asing) Sdn Bhd RBC Dexia Investor Services Bank for Comgest Growth Gem Promising Companies (Comgest GR PLC)	2,000,000	0.38
20.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC for Kuwait Investment Office (KIO)	1,760,000	0.33
21.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund J734 for SPDR S and P Emerging Market's Small Cap ETF	1,557,873	0.29
22.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Bank Berhad (EDP 2)	1,544,210	0.29
23.	Citigroup Nominees (Asing) Sdn Bhd CBNY for DFA Emerging Markets Small Cap Series	1,522,800	0.29
24.	Employees Provident Fund Board	1,500,000	0.28
25.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	1,495,400	0.28
26.	Cartaban Nominees (Asing) Sdn Bhd Government of Singapore Investment Corporation Pte Ltd for Government of Singapore (C)	1,274,500	0.24
27.	HSBC Nominees (Asing) Sdn Bhd Sumitomo T&B NY for Sumishin Asia Oceania Haitourimawarikabumother Fund	1,136,200	0.21
28.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for J.P. Morgan Bank (Ireland) Public Limited Company	1,022,800	0.19
29.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund ZVMY for Malaysia MSCI Index Common Trust Fund	1,010,400	0.19
30.	Public Bank Berhad As Beneficial Owner	900,000	0.17
Total		348,448,210	65.55

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 31 January 2012 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 Companies Act 1965 (CA) are maintained by the Company in the Register of Directors' Shareholdings pursuant to Section 134 of the CA, details of which are as follows:-

Name of Directors	Direct Interest		Deemed Interest		
	No. of Issued Shares	% of Issued Shares	Spouse No. of Issued Shares	Child No. of Issued Shares	% of Issued Shares
Tun Mohamed Dzaidin bin Haji Abdullah	100,000	0.02	–	5,800	0.001
Datuk Dr. Md Tap bin Salleh	0	0.00	–	–	–
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	0	0.00	–	–	–
Datuk Puteh Rukiah binti Abd Majid	0	0.00	–	–	–
Datin Paduka Siti Sa'diah binti Sheikh Bakir	52,000	0.01	–	–	–
Dato' Dr. Thillainathan a/l Ramasamy	50,000	0.01	50,000	–	0.01
Izham bin Yusoff	0	0.00	–	–	–
Dato' Wong Puan Wah @ Wong Sulong	0	0.00	–	–	–
Cheah Tek Kuang	50,000	0.01	–	14,000	0.003
Dato' Saiful Bahri bin Zainuddin	0	0.00	–	–	–
Ong Leong Huat @ Wong Joo Hwa	0	0.00	–	–	–
Tan Sri Datuk Dr. Abdul Samad bin Haji Alias	0	0.00	–	–	–
Dato' Tajuddin bin Atan	0	0.00	–	–	–
Total	252,000	0.05			

Substantial Shareholders according to the Register of Substantial Shareholders as at 31 January 2012

No.	Name	No. of Issued Shares	% of Issued Shares
1.	Capital Market Development Fund (CMDf) ¹	99,760,001	18.77
2.	Ministry of Finance Incorporated (MOF Inc) ²	86,200,000	16.22
3.	Employees Provident Fund Board (EPF) ³	49,776,694	9.36

¹ 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.

² Total shares held by MOF Inc are set out in Items 2 and 5 of the Top 30 Securities Account Holders.

³ Total shares held by EPF are set out in Items 3 and 24 of the Top 30 Securities Account Holders together with 873,500 shares representing 0.16% held under Citigroup Nominees (Tempatan) Sdn Bhd, EPF (AM INV).

Statistics of Shareholdings

As at 31 January 2012

Information in relation to Share Grant Plan

Share Grant Plan (SGP) is the only share scheme of Bursa Malaysia in FY 2011. It has a validity period of 10 years from the effective date on 18 April 2011. A maximum of 10% of the issued and paid-up share capital of Bursa Malaysia (excluding treasury shares) comprising ordinary shares of RM0.50 each of the Company (Plan Shares) are available at any point in time during the tenure of the SGP (Maximum Plan Shares Available). Information on the SGP is set out in Note 27(b) of the Annual Audited Financial Statements for FY 2011 on pages 157 to 158 of this Annual Report.

Brief details on the number of Plan Shares granted and vested during FY 2011 are as set out in the table below:

For the period from 18 April 2011 to 31 December 2011	Type of Grant	Total	Executive Director/ CEO	Senior Management	Other Selected Employees
Number of Plan Shares granted	2011 RSP Grant	778,200	0	34,900	743,300
Number of Plan Shares vested	2011 RSP Grant	199,800	0	9,000	190,800
Number of Plan Shares outstanding*	2011 RSP Grant	578,400	0	25,900	552,500

* This includes 37,300 Plan Shares granted to employees who resigned subsequent to the grant date on 1 July 2011.

With regard to the Plan Shares granted to Executive Director/CEO and Senior Management during FY 2011 and since the commencement of the SGP:

1. The aggregate maximum allocation is 50% of the Maximum Plan Shares Available; and
2. The actual percentage of Plan Shares granted to them on 1 July 2011 was 4.5% of the total number of Plan Shares granted.

Non-Executive Directors are not eligible to participate in the SGP.

Changes in Share Capital of the Company

The issued and paid-up share capital as at 1 January 2011 is 265,699,650 comprising 531,399,300 ordinary shares of RM0.50 each. The change in the issued and paid-up share capital is as set out in the table below:

Date of Allotment	Number of Shares Allotted	Consideration	Cumulative Number of Issued Shares	Cumulative Issued and Paid-up Share Capital (RM)
13 July 2011	199,800	Subscription by the Trustee at RM7.77 per share under the SGP	531,599,100	265,799,550

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 reapproved by shareholders on 29 March 2010 and expired at the conclusion of the 34th AGM held on 14 April 2011. The Company did not seek shareholders approval for share buy-back authority in 2011.

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. SANCTIONS AND/OR PENALTY

There were no sanctions and/or penalty imposed on the Company, its subsidiaries, Directors or management by the relevant regulatory bodies for the financial year.

6. VARIATION IN RESULTS

There was no variation between the financial results in the Audited Financial Statements 2011 and the audited financial results for the year ended 31 December 2011 announced by the Company on 9 February 2012.

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 2011 or entered into since the end of the previous financial year.

Abbreviations

A

AA	Company's Articles of Association
AAFS	Annual Audited Financial Statements
AC	Audit Committee
ADC	Average Daily Contract
ADV	Average Daily Value
AFS	Available For Sale
AGM	Annual General Meeting
ALD	Authority Limits Document
APC	Appeals Committee
ASEAN	Association of Southeast Asian Nations

B

BCP	Business Continuity Plan
BEE	Board Effectiveness Evaluation
BMD	Bursa Malaysia Derivatives
BNM	Bank Negara Malaysia
Board	Board of Directors
BSAS	Bursa Suq Al-Sila'
Bursa Kids	Students from Bursa Adopted School and Children of Bursa's Employees
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
CBS	Corporate Balance Scorecard
CBRS	CMDF Bursa Research Scheme
CC	Compensation Committee
CCP	Central Counter-Party
CDG	Corporate Disclosure Guide
CDP	Carbon Disclosure Project
CDS	Central Depository System
CEO	Chief Executive Officer
CFAB	Certificates in Finance & Business Qualification
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
CIA	Chief Internal Auditor
CIOC	China International Oils and Oilseeds Conference
CMDF	Capital Market Development Fund

CME	CME Group Inc.
CMSA	Capital Markets and Services Act 2007
CNII	Critical National Information Infrastructure
CO ²	Carbon Dioxide
COI	Conflicts of Interest
Company	Bursa Malaysia Berhad
COLO	Co-Location
CPE	Continuous Professional Education
CPO	Crude Palm Oil
CP/CPs	Clearing Participant or its plural
CRM	Corporate Risk Management
CRO	Chief Regulatory Officer
CSR	Corporate Social Responsibility

D

DBT	Direct Business Transaction (in accounts is referred to as Direct Business Trade)
DCF	Derivatives Clearing Fund
DLFT	Dual Licensing Fast Track
DR	Disaster Recovery
DCS	Derivatives Clearing system
D&O	Directors and Officers

E

EGM	Extraordinary General Meeting
EPF	Employees Provident Fund
EPS	Earnings Per Share
ERM	Enterprise Risk Management
ESG	Economic, Social Governance
ESOS	Employee Share Option Scheme
ETP	Economic Transformation Programme
ETF/ ETFs	Exchange Traded Fund or its plural
EU	European Union

F

FBM	FTSE Bursa Malaysia
FBRs	Futures Broker's Representatives
FCPO	Crude Palm Oil Futures
FIA	Futures Industry Association
FKLI	Kuala Lumpur Composite Index Futures
FRS/FRSs	Financial Reporting Standard or its plural
FVTPL	Fair Value Through Profit or Loss
FY	Financial Year

G

GHG	Greenhouse Gas Emissions
GHR	Group Human Resources
Group	Bursa Malaysia Berhad and its group of companies

H

HFT	High Frequency Traders
Hon	Honours
HTM	Held To Maturity

I

IA	Internal Audit
ICAEW	Institute of Chartered Accountants in England & Wales
IDP	Individual Development Plan
IDX	International Derivatives Expo
IPO/IPOs	Initial Public Offering or its plural
IR	Investor Relations
ISMS	Information Security Management System
ISS	Institutional Settlement Services
ITIL	Information Technology Infrastructure Library

J

JPY	Japanese Yen
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K

KL	Kuala Lumpur
KLCI	Kuala Lumpur Composite Index
KLIBOR	Kuala Lumpur Interbank Offered Rate
KPI/KPIs	Key Performance Indicator or its plural

L

LC	Listing Committee
LFX	Labuan International Financial Exchange
LR	Listing Requirements of Bursa Malaysia
LTi	Long Term Incentive

M

MA/MAs	Management Associates or its plural
MAICSA	Malaysian Institute of Chartered Secretaries and Administrators
MAP	Mandatory Accreditation Programme
MASB	Malaysian Accounting Standards Board
MENA	Middle East and North Africa
MFRS	Malaysian Financial Reporting Standards
MIA	Malaysian Institute of Accountants
MICPA	Malaysian Institute of Certified Public Accountants
MMLR	Main Market Listing Requirements
MOF	Minister of Finance
MPC	Market Participants Committee
MRAC	Management Risk and Audit Committee
MSCI	Morgan Stanley Capital International
MSWG	Minority Shareholder Watchdog Group

N

NED/NEDs	Non-Executive Director or its plural
NEM	New Economic Model
NGO	Non-Governmental Organisation
NLT/NLTs	Negotiated Large Trade or its plural
NRC	Nomination and Remuneration Committee
NYSE	New York Stock Exchange

O

OMT	On Market Transactions
OPR	Overnight Policy Rate
OTC	Over the Counter

P

PAT	Profit After Tax
PATAMI	Profit After Tax & Minority Interest
PBT	Profit Before Tax
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
PO	Participating Organisation
PORAM	Palm Oil Refiners Association of Malaysia
PSP	Performance Share Plan
PwCAS	PricewaterhouseCoopers Advisory Services Sdn Bhd

Q

Q&A	Question & Answer
QDII	Qualified Domestic Institutional Investor

R

REIT/REITs	Real Estate Investment Trusts or its plural
RM	Ringgit Malaysia
RMC	Risk Management Committee
ROE	Return on Equity
RSP	Restricted Share Plan
RWCR	Risk Weighted Capital Ratio

S

SBL	Securities Borrowing and Lending
SC	Securities Commission
SDN BHD	Sendirian Berhad
SGD	Singapore Dollar
SGP	Share Grant Plan
SID	Senior Independent Director
SIDC	Securities Industry Development Corporation
SL1M	Skim Latihan 1 Malaysia
SME	Small Medium Enterprise
SRR	Statutory Reserve Requirement

Abbreviations

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

UMA	Unusual Market Activity
US	United States
USD	United States Dollar

W

WPP	Whistleblower Policy and Procedures
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X

X-MAYA	A National Cyber Crisis Management Exercise Coordinated by the National Security Council
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Y

YTD	Year to Date
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List of Bursa Malaysia Subsidiaries

Bursa Malaysia Bonds
 Bursa Malaysia Depository
 Bursa Malaysia Depository Nominees
 Bursa Malaysia Derivatives
 Bursa Malaysia Derivatives Clearing
 Bursa Malaysia Information
 Bursa Malaysia Islamic Services
 Bursa Malaysia Securities
 Bursa Malaysia Securities Clearing
 LFX

Bursa Malaysia Bonds Sdn. Bhd.
 Bursa Malaysia Depository Sdn. Bhd.
 Bursa Malaysia Depository Nominees Sdn. Bhd.
 Bursa Malaysia Derivatives Berhad
 Bursa Malaysia Derivatives Clearing Berhad
 Bursa Malaysia Information Sdn. Bhd.
 Bursa Malaysia Islamic Services Sdn. Bhd.
 Bursa Malaysia Securities Berhad
 Bursa Malaysia Securities Clearing Sdn. Bhd.
 Labuan International Financial Exchange

Notice of 35th Annual General Meeting

Bursa Malaysia Berhad (30632-P)

(Incorporated in Malaysia under the Companies Act, 1965)



NOTICE IS HEREBY GIVEN THAT the 35th Annual General Meeting (AGM) of Bursa Malaysia Berhad (the Company) will be held at Ballroom 1, 1st Floor, Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, 60000 Kuala Lumpur on Thursday, 29 March 2012 at 10.00 a.m. for the transaction of the following business:



Ordinary Business

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2011 and Reports of the Directors and Auditors thereon. **Resolution 1**
2. To approve the payment of final dividend of 13 sen per share under single-tier system in respect of the financial year ended 31 December 2011. **Resolution 2**
3. To re-elect the following Directors who retire by rotation in accordance with Article 69 of the Company's Articles of Association and who being eligible offer themselves for re-election:
 - (1) Dato' Tajuddin bin Atan **Resolution 3**
 - (2) Dato' Saiful Bahri bin Zainuddin **Resolution 4**
 - (3) Encik Ong Leong Huat @ Wong Joo Hwa **Resolution 5**

Datin Paduka Siti Sa'diah binti Sheikh Bakir who retires in accordance with Article 69 of the Company's Articles of Association, has expressed her intention not to seek re-election. Hence, she will retain office until the close of the 35th AGM.
4. To re-elect Tan Sri Datuk Dr. Abdul Samad bin Haji Alias who retires in accordance with Article 76 of the Company's Articles of Association and who being eligible offers himself for re-election. **Resolution 6**
5. To approve the payment of Directors' fees amounting to RM90,000 per annum for the Non-Executive Chairman and RM60,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2011. **Resolution 7**
6. To appoint Messrs. Ernst & Young as Auditors of the Company for the financial year ending 31 December 2012 and to authorise the Board of Directors to determine their remuneration. **Resolution 8**

Special Business

7. To consider and if thought fit, to pass the following Ordinary Resolution in accordance with Section 129(6) of the Companies Act 1965:

"THAT Tun Mohamed Dzaidin bin Haji Abdullah, a Public Interest Director who retires pursuant to Section 129(2) of the Companies Act 1965 be and is hereby re-appointed as Director of the Company to hold office until the conclusion of the next annual general meeting of the Company."

Resolution 9
8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 1965 and the Company's Articles of Association.

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 35th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 49A(2) of the Company's Articles of Association and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 22 March 2012. Only a depositor whose name appears on the Record of Depositors as at 22 March 2012 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

Notice of 35th Annual General Meeting

Bursa Malaysia (30632-P)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT subject to the shareholders' approval for the payment of final dividend of 13 sen per share under single-tier system in respect of the financial year ended 31 December 2011 (Dividend) under **Resolution 2** at the 35th AGM of the Company, the Dividend will be paid to the shareholders on 17 April 2012. The entitlement date for the Dividend shall be 4 April 2012.

Shareholders of the Company will only be entitled to the Dividend in respect of:

- (a) securities transferred into their securities account before 4.00 p.m. on 4 April 2012 for transfers; and
- (b) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

Yong Hazadurah binti Md. Hashim, LS 006674

Hong Soo Yong, MAICSA 7026744

Company Secretaries

Kuala Lumpur

1 March 2012

Notes:

Proxy

1. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act 1965 shall not apply to the Company.
2. In the case of a corporate member, the instrument appointing a proxy shall be (a) under its Common Seal or (b) under the hand of a duly authorised officer or attorney and in the case of (b), be supported by a certified true copy of the resolution appointing such officer or certified true copy of the power of attorney.
3. A member shall not, subject to Paragraph (4) below, be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy to attend and vote at the same meeting, each proxy appointed shall represent a minimum of 100 shares and such appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. Any alteration to the instrument appointing a proxy must be initialised. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor Services Sdn Bhd at Level 17, The Gardens North Tower, Mid Valley City, Lingkaran Syed Putra, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting.

Abstention from Voting

6. All the Non-Executive Directors of the Company who are shareholders of the Company will abstain from voting on **Resolution 7** concerning remuneration to Non-Executive Directors at the 35th AGM.

Special Business

7. **Ordinary Resolution: Re-appointment of Director pursuant to Section 129(6) of the Companies Act 1965**

The re-appointment of Tun Mohamed Dzaidin bin Haji Abdullah, a person over the age of 70 years as Public Interest Director of the Company to hold office until the conclusion of the next AGM of the Company shall take effect if the proposed **Resolution 9** has been passed by a majority of not less than three-fourths (3/4) of such members as being entitled to vote in person or, where proxies are allowed, by proxy, at the 35th AGM.

Statement Accompanying Notice of 35th Annual General Meeting (pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The profiles of the Directors who are standing for re-election or re-appointment as per Agenda 3, 4 and 7 of the Notice of 35th AGM respectively, are stated on pages 20 to 27 of this Annual Report.

The details of the Directors' interests in the securities of the Company as at 31 January 2012 are stated on page 187 of this Annual Report.

Financial Calendar

2012

- ▶ 09 **Feb** Announcement of the audited consolidated results for the 4th quarter and financial year ended 31 December 2011.
- ▶ 29 **Mar** 35th Annual General Meeting.
- ▶ 19 **Apr** Announcement of the consolidated results for the 1st quarter ending 31 March 2012.
- ▶ 18 **July** Announcement of the consolidated results for the 2nd quarter ending 30 June 2012.
- ▶ 18 **Oct** Announcement of the consolidated results for the 3rd quarter ending 30 September 2012.

* The above dates are subject to the Board's approval.

2013

- ▶ **Jan/Feb** Announcement of the audited consolidated results for the 4th quarter and financial year ended 31 December 2012.





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