

CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

*Dear
Shareholders,*

**WE CONTINUED OUR GROWTH
MOMENTUM IN 2015 DESPITE
THE CHALLENGING MARKET
AND ECONOMIC ENVIRONMENT
MARKED BY VOLATILITY IN
THE GLOBAL ECONOMY AND
COMMODITY PRICES.**

Datuk Seri Tajuddin Atan
Chief Executive Officer



CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS



2015 ACHIEVEMENTS

- Achieved highest operating revenue of RM487.7 million since listing
- Grew revenue contributions from the Derivatives Market and the Islamic Capital Market
- Reviewed the ACE market framework to attract more listings
- Launched Bursa Malaysia's Sustainability Framework to take our sustainability journey to the next level
- Enhanced access to the Derivatives Market after receiving the US Commodities Futures Trading Commission ("CFTC") approval for Bursa Malaysia Derivatives ("BMD") to be recognised as a Foreign Board of Trade ("FBOT") with Direct Market Access
- Increased the trading value on the Bursa Suq Al-Sila' ("BSAS") platform by 121% due to the growing acceptance of the Murabahah principle and the introduction of tenor-based pricing

We achieved this strong result due to our continued efforts in previous years to develop and promote our markets, and by striving for operational excellence, both of which have created value for our market participants and shareholders.

The key initiatives undertaken include:

- expanding our range of products and services
- enhancing market access and engagement
- improving Corporate Governance ("CG") standards and sustainability practices
- enhancing operational excellence in two key areas, namely refreshing our technology and building our talent pool

2015 also saw us continue to deliver on our strategic initiatives, which have introduced even greater improvements aimed at further securing the Exchange's long-term sustainability.

2015: MAINTAINING OUR MOMENTUM

The Exchange's strong financial performance in 2015 is the result of the enhancements and the building blocks we have put in place in our markets and business over the last few years. Among the key initiatives implemented over the last few years is our cost optimisation effort, which has stabilised and lowered our cost to income ratio. The upgrade of our trading system in 2013 has not only enhanced our market efficiency by allowing us to conduct a greater number of trades at a much faster speed but also further reduced our technology costs.

Achieved highest revenue of

RM487.7 million
since listing

CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

We also took deliberate steps over the past few years to grow revenue contributions from our Derivatives Market and Islamic Capital Market ("ICM") to reduce our reliance on Securities Market revenue. The effort has proven to be fruitful as we saw that the increase in the Derivatives and Islamic Capital Markets revenue had cushioned the impact of the reductions in the Securities Market contributions in 2015.

Meanwhile, we continued to work towards our strategic goals in 2015 that will take us another step closer towards becoming ASEAN's Multinational Marketplace.

Our achievements in 2015 include:

- Having our Derivatives Market granted registration as a FBOT by the US CFTC which allows identified members and participants in the US to enter trades directly onto the Chicago Mercantile Exchange's ("CME") Globex platform.
- Reviewing our ACE Market framework to streamline the listing process to attract more small and medium enterprises ("SMEs") into our market.
- Stepping up our sustainability initiatives by issuing the Sustainability Reporting Guide and six toolkits to our Public Listed Companies ("PLCs") to make our sustainability framework more holistic and inclusive.

Meanwhile, we continued to extend our reach into the retail community in the past year to cultivate the next generation of investors and market participants without compromising our interactions with institutional players.

CREATING VALUE IN A CHALLENGING ENVIRONMENT

Our previous experiences in managing and navigating challenging and volatile economic periods have helped condition our markets to be more robust, diverse and, more importantly, sustainable at the core. In addition, the resilience of our marketplace is supported by the ample domestic liquidity of strong domestic institutions.

Our marketplace today comprises a broad base of commercial and industrial activities, thanks in part to the Government's Economic and Government Transformation Programmes, which have supported the efforts of PLCs to grow and expand regionally by creating a pro-business environment. As the listing destination of these PLCs, we leveraged on the diversity and resilience of the economy to drive our performance while ensuring a fair and orderly market for our trading participants.

Bursa Malaysia has a clear strategy to become a regional leader and ASEAN's Multinational Marketplace. The details of this plan and its key deliverables are specified in our Strategic Blueprint (2014-2016), which identifies two focus areas for our initiatives in 2015:

- Extracting value from our initiatives
- Building for the future

EXTRACTING VALUE FROM OUR INITIATIVES

Bursa Malaysia implemented a number of initiatives over the past few years to create long-term value for our stakeholders. Initiatives such as the BursaMKTPLC digital eCommunity platform, the implementation of our Bursa Trading System 2 ("BTS 2") and the approval of our registration as a FBOT by the CFTC are examples of initiatives with latent value. The values realised from these initiatives grow in tandem with the level of participation in our markets. Our value extraction initiatives in 2015 were therefore focused on attracting a greater number of participants into our market to optimise our value, while delivering immediate benefits at the same time.

Bursa Malaysia has a clear strategy to become

ASEAN'S MULTINATIONAL MARKETPLACE

Two main focus areas in 2015

1

Extracting value from our initiatives

2

Building for the future

CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

Reaching out to the investing communities

Investor engagement remains a key priority for Bursa Malaysia. Our stakeholder engagement activities are focused on both retail and institutional investors.

Engaging retail investors

BursaMKTPCLC was launched in 2014 to reach out to the younger generation of retail investors, particularly the millennials. As part of our efforts to create greater awareness of and interest in the BursaMKTPCLC platform, we conducted a number of promotional campaigns including the CELEB.TRADR programme, which is a unique collaboration with local celebrities and brokers. CELEB.TRADR uses a gamification approach to familiarise participants with the trading process and educate them in an interactive and entertaining manner. Other campaigns included the Macquarie Capital Securities' Warrant Hero, CIMB's ASEAN Stock Challenge and Kenanga's KenTrade Trading Challenge 2.

Since its launch, BursaMKTPCLC has received 460,000 unique visitors with a return rate of 59% as at the end of December 2015. A total of 29 brokers have signed on as BursaMKTPCLC partners, providing investment advice and facilities and thereby creating an enriched environment for our investors to conduct research and educate themselves on their trip to trade. With more than 21,900 research reports in its repository that have been viewed over 1.6 million times, BursaMKTPCLC has become an investing touchstone for its 29,800 registered users.

In addition, we also conducted regular retail engagement sessions during the year through events such as the Bursa Young Investor Club, Derivatives Day and the Bursa Investor Education Workshop, which have proven to be effective communication channels in terms of raising financial literacy and investor understanding. We also engaged with non-traditional investing audiences by holding events such as the Diamond Club event which targets Malaysian women.

In total, Bursa Malaysia, in collaboration with our partners, conducted 238 engagements with retail investors, reaching an audience of over 30,000 individuals nationwide.

Engaging institutional investors

Bursa Malaysia conducts a substantial number of engagement sessions with our institutional investors annually to promote our marketplace and our products, and to educate our investors about our market offerings. We also make use of these engagement sessions to build linkages with partners from around the world and to attract new participants into our market.

We host annual events such as our flagship Invest Malaysia Kuala Lumpur, which showcases the diversity of our capital market and introduces our PLCs and regional champions to the global investing community. We conduct similar engagement sessions for our Derivatives Market through our Palm and Lauric Oils Price Outlook Conference & Exhibition, which is a key event for all players involved in the edible oils industry.

2015 also saw us co-host the inaugural ASEAN Capital Market CEO Summit ("ASEAN CAP10"), which brought key stakeholders of the region's 10 capital markets together to chart a path towards shared prosperity for all in the region. ASEAN is still one of the most exciting emerging market investing destinations for global investors, but regional coordination and cooperation is still required if we are to make the most of all opportunities presented by the region. The Summit is designed to serve as a platform where investors, stock exchange operators and other stakeholders can discuss and address regional issues.

Reaching out to foreign derivatives traders

Following the CFTC's approval of BMD as a FBOT in January 2015, our engagement teams conducted a number of roadshows in the US to attract new direct participants into the market. As a result of these engagements, the Exchange recruited eight new market participants from the US to trade Bursa Malaysia derivatives contracts through the Globex platform.

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460,000
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Bursa Malaysia reached out to over

30,000
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CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

Launching new services and products

Innovation is a key priority for us at Bursa Malaysia, and we are constantly working with our partners to come up with new products and services for our marketplace. These are aimed at providing our existing market participants with a wider range of tradeable alternatives and at improving their interactions with the marketplace.

In 2015, we upgraded the Bursa LINK infrastructure to provide new services to its users. The upgraded system optimises business processes and introduces new functionalities such as data submission through web browsers rather than through specific database clients. The new system also facilitates online listing applications and the management of online queries to help Bursa Malaysia better serve its stakeholders.

2015 also saw us introduce tenor-based pricing in BSAS. The introduction of the new pricing structure encouraged greater use of the platform, and was part of the reason for the platform's significant increase in trading value.

As for new products, we listed two exchange-traded funds ("ETFs") – the MyETF MSCI SEA Islamic Dividend and MyETF Thomson Reuters Asia Pacific ex-Japan Islamic Agribusiness – and the Al-Salam Real Estate Investment Trust ("REIT") in 2015.

BUILDING FOR THE FUTURE

In 2015, we continued to implement initiatives designed to strengthen the Exchange for the future. In doing so, we hope to make our market more resilient while making the most of our opportunities. Our efforts to build for the future must therefore take into account the needs of the market at large in anticipation of developments and trends. Our priorities in 2015 to build for the future were focused on improving the listing framework for the ACE Market and strengthening the sustainability ecosystem of our marketplace.

Enhancing our ACE Market Listing framework and attracting SMEs to the market

One of the challenges faced by our market stakeholders is the sometimes lengthy journey involved in launching new products or obtaining listing on the market. We are committed to streamlining and easing this process as much as possible without compromising our risk profile. In 2015, we focused our efforts on facilitating SMEs to better participate in our market by conducting engagement sessions with select SMEs.

SMEs play a crucial role in the Malaysian economy and collectively represent substantial agents of commerce. The Exchange believes that it has a pivotal role to play in supporting the development of SMEs that demonstrate potential to grow and become full-fledged PLCs. The review of the ACE Market Framework in 2015 is designed to streamline and ease the listing process thereby helping SMEs to tap into the capital markets for debt or equity fundraising. Through this initiative, we are nurturing the next generation of PLCs that will contribute to the vibrancy and diversity of the market in the future.

Establishing linkages with foreign partners

Bursa Malaysia signed a collaboration agreement with China's Dalian Commodity Exchange in 2015 that will see us working together on product research and development. This will in turn see new derivatives products being introduced into our markets that will drive greater investor interest and participation, both domestically and through our global distribution channels.

Nurturing sustainability

The present volatile economic conditions are reminders of the importance of a sustainable marketplace. While we started our sustainability journey over 10 years ago, our activities in 2015 were noteworthy as they are designed to make sustainability more inclusive and to strengthen our core framework.

Bursa Malaysia enhanced

ACE MARKET LISTING FRAMEWORK

Bursa Malaysia launched its

SUSTAINABILITY FRAMEWORK

in 2015

CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

While sustainability is gradually taking root in our PLCs, we believe that we must take the sustainability agenda to the next level to secure long-term viability of our PLCs and our marketplace.

In 2015, we took a four-pronged approach to sustainability:

- Communicating our sustainability vision and goals through our flagship events, i.e. the ASEAN CAP10 Sustainability Series and Sustainability Symposium
- Introducing a new Sustainability Reporting Guide and six toolkits for PLCs to encourage sustainable practices in their operations.
- Committing ourselves to the best sustainability practices by signing on to the United Nation's Sustainable Stock Exchange ("UN SSE") initiative
- Transforming the way our PLCs operate and report on sustainability via the FTSE4Good Bursa Malaysia Index and through Environment, Social and Governance ("ESG") engagement programmes

We recognise that sustainability is an ongoing conversation rather than an achievement, and hence we will continue to enhance our sustainability practices going forward. We are also proud to report that we are the first exchange in the region to develop a sustainability framework, and we aim to maintain this competitive advantage.

SUSTAINED FINANCIAL PERFORMANCE AMIDST CHALLENGING CONDITIONS

The Exchange improved its financial performance from 2014 with profit after tax and minority interest ("PATAMI") of RM198.6 million from RM198.2 million a year ago. The cost to income ratio was sustained at 46.2% while Return on Equity ("ROE") improved slightly to 25.6%.

Financial Results	2015 RM million	2014 RM million	% change
Operating Revenue	487.7	471.3	+3%
Other Income	30.8	32.5	-5%
Operating Expenses	(239.8)	(232.0)	+3%
Profit Before Tax	278.7	271.8	+3%
Income Tax Expense	(72.3)	(67.8)	+7%
Profit After Tax	206.4	204.0	+1%
Minority Interest	(7.8)	(5.8)	+35%
PATAMI	198.6	198.2	+0.2%

Financial Ratios	2015	2014	change
Cost to Income Ratio	46.2%	46.1%	+0.1 percentage point
Return on Equity	25.6%	25.4%	+0.2 percentage point

OPERATING REVENUE GROWTH DRIVEN BY NON-SECURITIES TRADING REVENUE

Operating revenue rose 3% to RM487.7 million in 2015 from RM471.3 million in 2014. This was due mainly to a significant rise in non-securities trading revenue as securities trading revenue fell 3% in 2015 to RM233.0 million. Meanwhile, revenue contributions from the Derivatives Market and the Islamic Capital Market ("ICM") rose 22% to RM86.1 million and 69% to RM16.8 million respectively.

PAT grew to

RM206.4 million

PATAMI improved to

RM198.6 million

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Securities trading revenue fell on a lower trading participation by domestic retail and institutional investors, but was cushioned partially by higher foreign participation. Meanwhile, there was greater trading interest in Crude Palm Oil Futures ("FCPO") and FTSE Bursa Malaysia KLCI Futures ("FKLI") in the Derivatives Market where average daily contracts ("ADC") rose 13% to 57,157 contracts owing to market volatility. BSAS similarly saw greater trading due mainly to the conversion to Murabahah contracts and growing interest in tenor-based pricing.

The rise in contributions from our non-securities markets is a positive sign that our efforts to grow these business segments are working, and we are optimistic that they will continue to grow their contributions going forward.

OPERATING EXPENSES SHOW CONTROLLED RISE

Bursa Malaysia's operating expenses rose 3% to RM239.8 million in 2015 due mainly to higher staff costs. We remain committed to a talent strategy that will see us maintain the highest quality staff possible as part of our plan to become a high performing organisation ("HPO").

We also paid higher service fees (+22% to RM22.4 million) in 2015 due to the greater number of derivatives contracts traded and also the comparatively weaker value of the Malaysian Ringgit against the US Dollar. Meanwhile, we booked a lower depreciation and amortisation cost in 2015 as we had retired our Derivatives Order Management System ("OMS") in 2014. Other expense items including professional fees, administrative and miscellaneous expenses rose during the year as we continued to increase the capabilities of our marketplace.

REWARDING OUR SHAREHOLDERS

In view of our financial performance and after taking into consideration operating conditions ahead, Bursa Malaysia's Board of Directors has recommended a final dividend of 18 sen per share to be approved at our

Annual General Meeting to be held in March 2016. If approved, the total dividends paid by Bursa Malaysia in 2015 will amount to 34.5 sen per share, representing a dividend yield of 4.1%.

SEGMENTAL PERFORMANCE HIGHLIGHTS

Contributions from our individual markets were mixed in 2015 owing to volatile market conditions. Although trading in the Securities Market had decreased during the year, increased activity in the Derivatives and Islamic Capital Markets had more than made up the difference. The increase in our non-securities trading revenue is further evidence of the diversity of our market, as investors and market players can continue to find value in alternative products and options even when the general market is on the decline. The following table provides an overview of the financial performance of our markets:

Segmental Review	2015 RM million	2014 RM million	% change
Segmental Profit/(Loss) From:			
Securities Market	285.7	294.3	-3%
Derivatives Market	51.2	40.8	+25%
Islamic Capital Market	11.8	5.4	+120%
Exchange Holding	(8.9)	(8.9)	0%
Total Segmental Profit	339.8	331.6	+2%
Overheads	(61.0)	(59.8)	+2%
Profit Before Tax	278.8	271.8	+3%

ADC rose to

57,157
contracts



Profit Before Tax

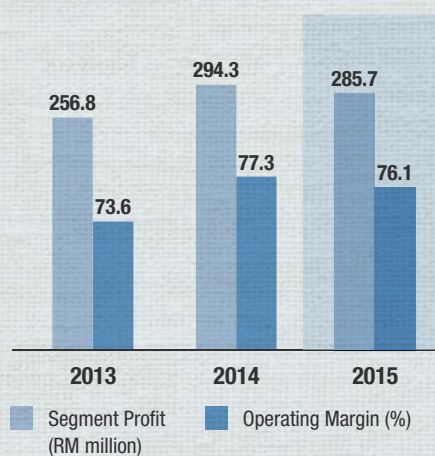
RM278.8 million

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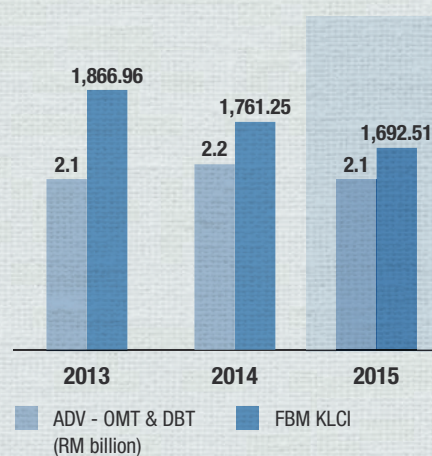
SECURITIES MARKET

The FBM KLCI traded within a lower band in 2015 and hit a multi-year low of 1,503.68 points in August 2015. However, the index recovered and closed the year at 1,692.51 points.

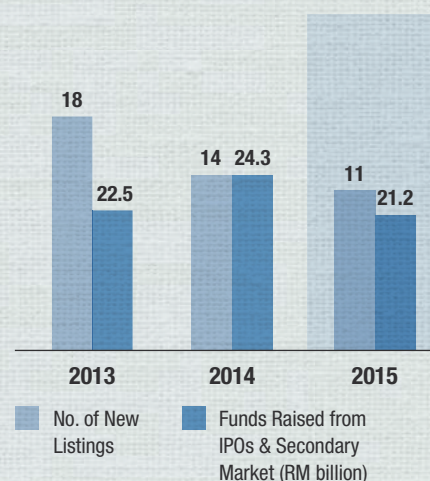
SEGMENT PROFIT AND OPERATING MARGIN



ADV - OMT & DBT AND FBM KLCI



NO. OF NEW LISTINGS AND FUNDS RAISED



SECURITIES MARKET SEGMENTAL REVENUE

	2015 RM million	2014 RM million	% change
Trading Revenue	233.1	239.1	-3%
Listing and Issuer Services	52.7	55.8	-6%
Depository Services	38.4	35.4	+9%
Market Data	25.7	24.0	+7%
Member Services and Connectivity	12.9	13.6	-5%
Conference Income	-	0.2	-100%
Total	362.8	368.1	-1%

MARKET VOLATILITY DAMPENS TRADING SENTIMENTS

Profit contributions from the Securities Market fell 3% in 2015 to RM285.7 million from RM294.3 million in 2014 as volatile market conditions impacted trading activities. Total operating revenue fell 1% to RM362.8 million from RM368.1 million a year ago.

Trading revenue fell 3% to RM233.1 million owing to lower average daily value ("ADV") for on-market trades ("OMT") and direct business trades ("DBT") of RM2.1 billion (-4% from RM2.2 billion y-o-y). For OMT, foreign participation rose to account for 27% of total ADV (RM0.5 billion) from 24% a year ago. Revenue from Bursa Malaysia's Listing and Issuer Services also fell 6% to RM52.7 million from RM55.8 million in 2014 due to fewer large Initial Public Offerings ("IPOs") and corporate exercises conducted in 2015.

On a positive note, contributions from our Depository Services and Market Data rose 9% and 7% to RM38.4 million and RM25.7 million respectively. The contributions from these sources are attributable to higher earnings from CDS custody fees and a higher number of market data subscribers respectively.

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SECURITIES MARKET

BURSA MALAYSIA IS ASEAN'S LARGEST FUNDRAISING MARKET FOR THE SECOND CONSECUTIVE YEAR

The volatile market did not dissuade PLCs from making Malaysia their top choice in ASEAN for their fundraising activities, both from IPOs and secondary market, raising a total of RM21.2 billion in 2015. Although the number of IPOs in 2015 fell to 11 from 14 in the previous year, the RM4.1 billion raised through primary listings coupled with RM17.1 billion from secondary listings made Bursa Malaysia the top equity capital fundraiser in ASEAN. Notable IPOs for the year included the listing of Malakoff Corporation Berhad and Sunway Construction Group Bhd which raised RM2.7 billion and RM0.5 billion respectively.

Bursa Malaysia also played a central role in facilitating the listing journey of small and medium size enterprises ("SMEs") in collaboration with other stakeholders. A total of 130 foreign and domestic companies attended the IPO briefing sessions held in 2015.

ACE MARKET FRAMEWORK REVIEWED TO BOOST SME LISTING

Bursa Malaysia reviewed and made changes to its ACE Market Framework in 2015, which is expected to encourage more SME listings. We conducted a number of initiatives including engagements with individual SMEs that have the potential to tap into our existing capital raising platforms, be it in the debt or equity space.

Given time and adequate support, we believe that some of these SMEs will grow into full-fledged PLCs, and will add to the diversity and vibrancy of the Malaysian capital markets.

BUILDING SUSTAINABLE COMMUNITIES

As part of Bursa Malaysia's overall effort to embed sustainable values in our outreach activities, Bursa Malaysia's Securities Market outreach initiatives can be broadly grouped into three categories.

EDUCATION AND ENGAGEMENT

Bursa Malaysia believes that education remains a crucial focus in view of our vision to establish an inclusive sustainability framework involving all stakeholders. Long-term sustainability requires the cooperation of all stakeholders to make discerning choices about how they invest and what they invest in. It is especially important for us to reach out to young retail investors as they represent the backbone of the next generation of investors.

Events such as the Bursa Young Investor Club and the Bursa Investor Education Workshop have proven themselves to be effective channels of engagement in terms of raising financial literacy and the level of investment knowledge.

Bursa Malaysia is also targeting non-traditional investing audiences as we believe that there remain pockets of underserved Malaysians. For example, we held the Diamond Club event in collaboration with brokers to target Malaysian women, who are the majority of savers in the country. With better financial education, we hope to see greater mobilisation of domestic liquidity from savings into investments.

While our education programmes will certainly create a more vibrant market, we believe that these programmes also represent an important social responsibility. Through our education activities, we are empowering and enabling society to make better financial decisions and hence become more financially sustainable over the long term.

ACE MARKET LISTINGS

NO. OF LISTINGS

4

TOTAL IPO FUNDS RAISED

RM97.7 million

TOTAL IPO MARKET CAPITALISATION

RM368.3 million

EDUCATION & ENGAGEMENT

153 separate retail investor events
both locally and overseas

Over

23,220 retail investors
engaged

CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

SECURITIES MARKET

DRIVING THE SUSTAINABILITY AGENDA

We conducted a number of workshops and seminars to educate PLCs and stakeholders on the merits of sustainable practices. Our engagement sessions with both PLCs and institutional investors are targeted at creating a realignment of practices and expectations in line with ESG best practices and thereby creating a sustainability-based ecosystem. We will continue to enhance and diversify our engagements with PLCs in 2016 and the years to come. The launch of the Malaysian ESG Opportunity Fund by Valuecap Sdn Bhd, a Government fund manager investing proprietary funds, benchmarked against the FTSE4Good Bursa Malaysia Index is a positive sign that investor interest in ESG is growing.

ENHANCING MARKET PARTICIPATION

Breadth and depth of market participation is key in maintaining the health of the Exchange. To this end, we have continued our outreach activities that we had started more than 10 years ago.

We continued to leverage on our established engagement channels including the Invest Malaysia Programme and on our Beyond Malaysia initiatives in Japan and Thailand to reach out to new stakeholders. Market participation was further enhanced by an increase in investor participation in our structured warrants ("SW") and securities borrowing and lending ("SBL").

The inclusion of the new market participants has made our Exchange a more vibrant and diverse trading hub. In terms of institutional investors and market participants, Bursa Malaysia reached out to 1,200 different institutions in 2015.

MARKET DEVELOPMENT INITIATIVES

Initiatives to enhance the market structure in 2015 were focused on increasing trading vibrancy through a number of enhancements including:

- Promoting the issuance and trading of SW
- Promoting SBL to facilitate regulated short-selling ("RSS") activities

In promoting SW, we offered various listing fee incentives, which resulted in a rise in Index Warrants listings, increasing the diversity of SW available for trading in Malaysia. Our efforts to diversify the SW market were rewarded with greater trading activity in 2015 after market volatility made SW a product popular with investors. Total new SW listings as at 31 December 2015 rose 18% to 644 from 546 in 2014. Meanwhile, total listings for Index Warrants rose almost five-fold to 160 from 33 over the same period.

2015 also saw an increase in investor participation in our SBL market, with outstanding loans valued at RM7.7 billion at the end of 2015 compared to RM2.4 billion at the end of 2014. Consequently, RSS trading value, which SBL facilitates, rose to RM9.5 billion in 2015, up more than three times from RM2.7 billion in 2014.

MOVING FORWARD

We aim to launch our new Equities Margining ("EM") framework in 2016 to bring it in line with Principle 6 on Margin of the Principles for Financial Market Infrastructures ("PFMI") developed by CPMI-IOSCO; the Committee on Payments and Market Infrastructures ("CPMI") and the International Organisation of Securities Commissions ("IOSCO"). The EM framework further safeguards our market infrastructure from disruptions due to defaults from Trading Clearing Participants, and reinforces the robustness, integrity and capability of our markets.

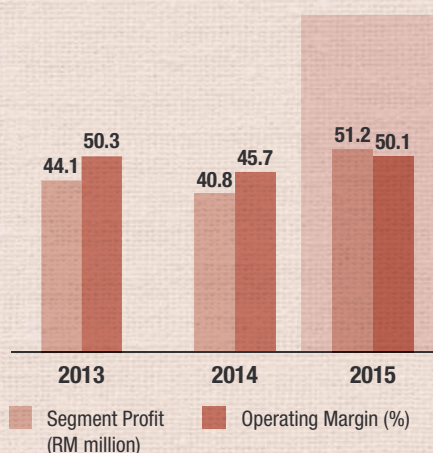
In addition, Bursa Malaysia plans to hold more engagement sessions on sustainability with our PLCs following the launch of our reporting guide and toolkits in 2015. While we have already started working with our PLCs to help them better understand the overall aim of sustainability, our next step will see us organising sessions aimed at report preparers, CEOs and Board Members to help them better understand their roles in driving sustainability in their organisations.

**CEO'S MESSAGE
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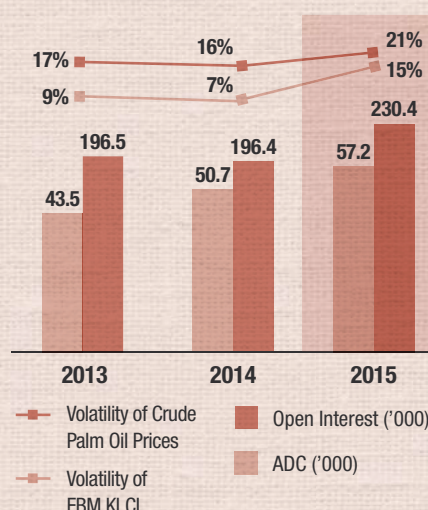
DERIVATIVES MARKET

Trading volumes for all contracts set a new record in 2015 with ADC rising 13% to 57,157 contracts from 50,654 contracts in 2014. The greater trading activity was driven by fluctuations in the prices of underlying commodities and the FBM KLCI.

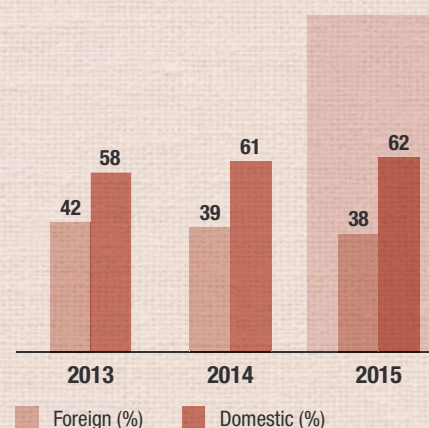
SEGMENT PROFIT AND OPERATING MARGIN



ADC OPEN INTEREST AND VOLATILITY



FOREIGN AND DOMESTIC PARTICIPATION



DERIVATIVES MARKET SEGMENTAL REVENUE

	2015 RM million	2014 RM million	% change
Trading Revenue	86.1	70.6	+22%
Market Data	7.8	7.1	+10%
Member Services and Connectivity	0.3	1.9	-86%
Conference Income	5.8	6.2	-5%
Total	100.0	85.8	+17%

DERIVATIVES TRADING BOLSTERED BY VOLATILE COMMODITY PRICES

The Derivatives Market's segmental profit grew by 25% to RM51.2 million from RM40.8 million in 2014, while operating revenue rose 17% to RM100.0 million from RM85.8 million a year ago.

The growth was attributed to higher trading revenue, which saw the volume of FCPO and FKLI contracts traded grow by 8% to 11.0 million contracts from 10.2 million contracts, and by 39% to 3.0 million contracts from 2.2 million contracts respectively. Other positive contributors to operating revenue included higher guarantee and collateral management fees due to higher margin requirement for FCPO and FKLI, as well as the higher number of open interest positions.

Conversely, revenue from member services and connectivity fell 86% due to the cessation of the Derivatives OMS service following the system's retirement in December 2014. Since end February 2015, brokers have migrated to their individual authorised OMS.

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DERIVATIVES MARKET

TRADERS LEVERAGE ON COMMODITY AND PRICE VOLATILITY

Interest in derivatives products was led by trading in FCPO and FKL contracts, which contributed to historic highs for total contracts traded daily, breaching the 100,000 contracts mark in two days in August. The Derivatives Market posted a historic month high in August 2015 with the total number of contracts traded reaching 1,411,176 contracts.

BUILDING SUSTAINABLE COMMUNITIES: REACHING OUT AND ENGAGING WITH OUR STAKEHOLDERS

Bursa Malaysia continued to prioritise the recruitment of new Locals, i.e. professional derivatives traders trading their own accounts, to build a more vibrant trading environment for the Derivatives Market. Locals have grown alongside the Exchange over the years, both in terms of numbers and trading participation in derivatives products. We recruited 34 new Locals in 2015 bringing the total number of active Locals to 167.

EDUCATION AND ENGAGEMENT

Our engagement teams conducted education and networking sessions at local and international events, reaching out to a total of 15,920 individuals and 1,286 institutions.

Derivatives trading is still relatively new to certain investor segments, particularly among the younger generation. We leveraged on our annual events and conferences including the Palm and Lauric Oils Conference 2015, the Gold & Precious Metals Price Outlook Symposium 2015 and the Financial Markets Outlook Conference 2015 to build networks and better engage the trading community. These interactions between the various stakeholders are key in building a sustainable marketplace, and help the Exchange better understand stakeholder requirements and concerns.

EDUCATION & RECRUITMENT

34 new Locals recruited

167 total active Locals in 2015

Over **60** Derivatives Day events held

MARKET DEVELOPMENT INITIATIVES

Bursa Malaysia reached a key milestone when it was registered as a FBOT for Direct Market Access in the US. With this approval, BMD's identified members and other participants located in the US may now enter trades directly onto its electronic trading platform on CME Globex to trade BMD products.

This is particularly appealing to US traders wishing to trade in palm oil futures, as the Ringgit-denominated FCPO is the global benchmark for the commodity. We are pleased to see the entry of eight new US trading clients in 2015.

BMD was awarded the "Best Emerging Exchange of the Year" at the Futures & Options World Awards for Asia in September 2015. The award follows the recognition granted by the CFTC that Bursa Malaysia possesses the attributes of an organised exchange and adopts comparable practices for market integrity and customer protection.

MOVING FORWARD

Bursa Malaysia is seeking recognition as a third-country central counterparty ("TC-CCP") under the European Markets Infrastructure Regulation regime. We have made a submission to the European Securities Market Authority for the recognition and, if approved, our recognition as a TC-CCP will enable derivatives traders within the European Union to trade derivatives contracts on Bursa Malaysia with our local market acting as the focal point for all transactions. The impact of this recognition will be similar to the approval of our registration with the CFTC and will serve to significantly broaden market access.

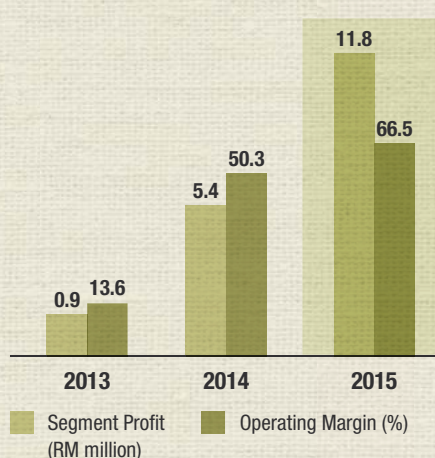
In addition, we will be looking to attract a greater number of trading participants into our Derivatives Market by leveraging on our initiative to decouple clearing participation from trading participation. The decoupling of the participations will widen the class of participants in the market, potentially further opening our market to the region.

**CEO'S MESSAGE
AND MANAGEMENT
DISCUSSION AND ANALYSIS**

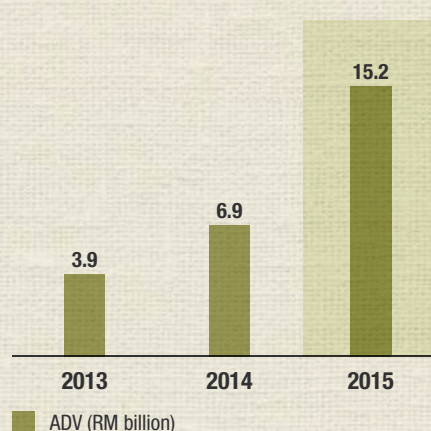
ISLAMIC CAPITAL MARKET

The BSAS platform saw ADV grow 121% to RM15.2 billion in 2015. Since its inception in August 2009, BSAS has recorded a cumulative annualised growth rate (“CAGR”) of 136%. In 2015, the total commodity trade value on BSAS grew 121% to RM3.7 trillion from RM1.7 trillion in 2014.

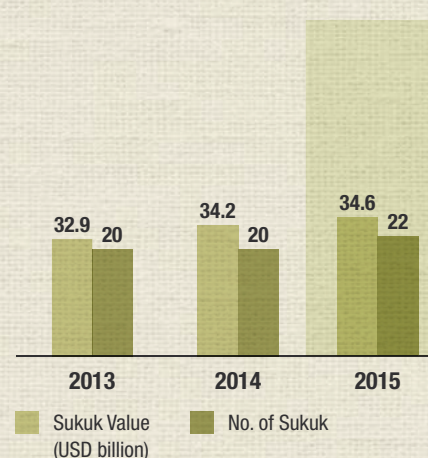
SEGMENT PROFIT AND OPERATING MARGIN



BSAS ADV



SUKUK LISTED UNDER EXEMPT REGIME



ISLAMIC CAPITAL MARKET SEGMENTAL REVENUE

	2015 RM million	2014 RM million	% change
BSAS Trading Revenue	16.8	10.0	69%
Other	0.6	0.5	8%
Total	17.4	10.5	65%

GROWING ACCEPTANCE OF MURABAHAH AND BSAS PLATFORM DRIVES PERFORMANCE

Profit contribution from ICM in 2015 increased more than two-fold to RM11.8 million compared to RM5.4 million in 2014. Operating revenue rose 65% to RM17.4 million from RM10.5 million in 2014. The primary driver for the growth in ICM is trading revenue generated on the BSAS platform, which amounted to RM16.8 million, representing a 69% increase from the previous year.

The strong growth in BSAS trading was mainly driven by the conversion of bank deposits from Mudharabah to Murabahah contracts and the growing interest in tenor-based pricing.

Key achievements of BSAS in 2015 included:

- **Largest daily trade:** RM30.7 billion on 28 December 2015
- **Largest single deal:** RM6.9 billion on 29 January 2015
- **Increase in BSAS participants:** The number of market participants continued to rise with the addition of 16 new participants, bringing the total to 109 in 2015 (from 93 in 2014). Domestic participants accounted for 88% of total trades while foreign participants accounted for the remaining 12%

BSAS' achievements were recognised by the Global Islamic Finance Awards 2015 which presented the Exchange with the “Best Islamic Exchange 2015” award and also by the award of “Best Islamic Finance Facilitation Platform Asia 2015” from the Global Banking & Finance Review. The international financial community picked BSAS as the “Best Interbroker for Islamic Transactions” at the 10th Islamic Finance News Service Providers Poll 2015.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

ISLAMIC CAPITAL MARKET

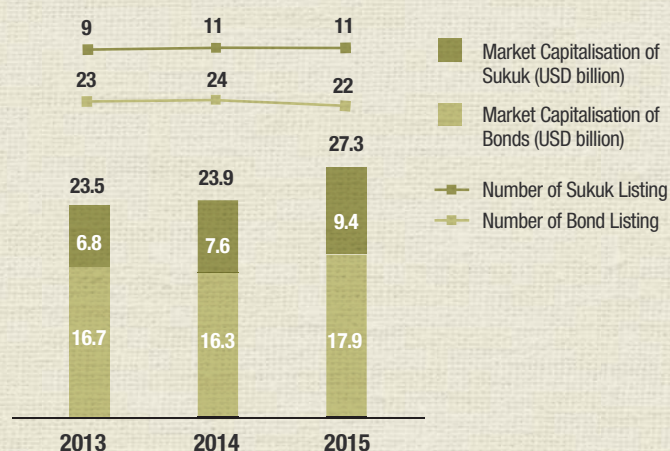


BUILDING SUSTAINABLE COMMUNITIES

2015 was an active year of engagement for ICM as it focused its efforts on building regional bridges and widening the market base. During the year, ICM held direct engagements with over 7,000 individual retail investors and more than 50 institutions including potential issuers, institutional investors and fund managers, particularly those with Islamic mandates, domestically and internationally. Our BSAS engagement team reached out to countries including Jordan, Kuwait, Saudi Arabia, the UAE, Singapore and Brunei, soliciting new demand in the international market.

We continued to reach out to retail investors through targeted seminars and events. In 2015, we collaborated with our Islamic brokers to organise Shariah Investing @ Bursa retail seminars throughout the country. We also worked together with strategic agencies such as Yayasan Dakwah Islamiah Malaysia and Bank Rakyat to build greater rapport with the investing public.

MARKET CAPITALISATION OF LABUAN INTERNATIONAL FINANCIAL EXCHANGE



MARKET DEVELOPMENT INITIATIVES

We have contributed to the development of the Malaysian capital market by providing an alternative marketplace for fund raising and investments. Our efforts remain focused on increasing the role of ICM and on increasing the breadth and depth of its products and services to support the growth of the Islamic finance industry.

The past year saw the listing of two new Shariah-compliant Exchange Traded Funds ("ETFs"): the MyETF MSCI SEA Islamic Dividend and MyETF Thomson Reuters Asia Pacific ex-Japan Islamic Agribusiness. The addition of these new ETFs provides investors with greater product diversity in the Islamic space and will appeal to investors looking for index-linked products and returns. As at end 2015, there were four Shariah-compliant ETFs listed and traded on Bursa Malaysia.

2015 also saw the listing of a new Shariah-compliant Real Estate Investment Trust ("REIT"), i.e. the Al-Salam REIT, which gives investors an additional choice in their investment portfolio that is stable in nature while providing steady income. The addition of the Al-Salam REIT brought the total number of Shariah-compliant REITs listed on Bursa Malaysia to four.

In the Sukuk market, Malaysia retained its status as the global leader. In 2015, four Sukuks were listed under the Exempt Regime:

- i. PETRONAS Global Sukuk Ltd
- ii. Malaysia Sovereign Sukuk Berhad
- iii. Axiata SPV2 Berhad
- iv. Hong Kong Sukuk 2015 Limited

As for the Labuan International Financial Exchange ("LFX"), total market capitalisation continued to grow by 14% to USD27.3 billion in 2015 from USD23.9 billion a year ago. We also saw an increase in the value of the listing of both conventional and Shariah-compliant instruments, which grew 9% and 24% respectively.

MOVING FORWARD

ICM has generated considerable growth momentum over the last few years, and it is our intention to leverage on this momentum to promote Islamic offerings as an alternative to conventional ones. Favouring this is the fact that Shariah indices have consistently outperformed the FBM KLCI and its conventional counterparts over the past five years, thereby making Islamic investment an attractive source of value for investors.

Moving forward, ICM will continue to look for opportunities to grow and play a leading role by facilitating cross-border financial activities that will support the growth of Islamic finance.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

UPHOLDING MARKET INTEGRITY

We would like to restate our commitment to ensuring a fair and orderly market given the present volatility of market conditions. Our efforts in this area are directed at protecting the rights of our market participants while ensuring the long-term sustainability of our marketplace. Bursa Malaysia operates on a foundation of trust, which is derived from the preservation of our market integrity. We have also further strengthened our microstructure to bring it in line with global best practices in order to better safeguard our market structure and market participants.

Additional details about our initiatives to develop our market structure can be found in our Marketplace Report: Fair and Orderly Markets on page 52.

NAVIGATING GLOBAL EXCHANGE TRENDS

Bursa Malaysia is today a stock exchange with both regional and global access. As such, we are exposed to the dynamism of global commerce, which can change suddenly and with little notice. To maintain our position as a relevant exchange, we are compelled to identify and adapt to changes in order to capitalise on our opportunities and minimise risks that may emerge.

Our move to accelerate the development of our sustainability framework is one example of how we are anticipating the shifts in global investor demand. The following list includes some of the trends that we have identified to be relevant to us going forward.

1. Growing investor interest in ESG

The Assets Under Management (“AUM”) of funds considering ESG criteria when making investment decisions have risen significantly over the years. According to figures from EuroSIF and the Global Sustainable Investment Review, the total AUM invested by funds with ESG criteria grew from just USD7 trillion in 2008 to USD21 trillion in 2014. While dedicated ESG funds make up only 1%-2% of total global assets, the sheer size of funds making investing decisions based on ESG criteria has presented a huge opportunity to exchanges and issuers.

Similarly, a World Federation of Exchanges (“WFE”) survey published in July 2015 indicated that investors are increasingly examining the sustainability practices and policies of companies as a factor in their investment decisions. According to the survey, 39% of respondents to the global exchanges survey (22 out of 56) stated they had received ESG-related queries from investors, of which 10 said that such inquiries are on the increase. Such findings and figures indicate that ESG concerns are growing among global capital market participants.

We have demonstrated our commitment to sustainability through our initiatives in 2015, and we plan to leverage on them to make our case as the regional market of choice for ESG investments going forward.

2. New business and revenue diversification

While securities trading has traditionally been the core focus of stock exchanges in the past, a key development throughout the industry is the diversification of revenue streams and the growth of non-trading revenue. Securities trading and related activities currently remain the major contributor to Bursa Malaysia's revenue, but significant emphasis has been placed in recent years on expanding and growing the contributions from our Derivatives and Islamic Capital Markets.

Recent developments in the industry have also seen exchanges place significant emphasis on developing their market data and information services business. We expect to see stock exchanges becoming more competitive in this new area of business, and expand their services to add value to their customers. We have seen positive signs of growth in Bursa Malaysia's efforts to provide these services, and they have become an important growth area for us.

Moving forward, Bursa Malaysia will continue to expand the contributions from the Derivatives and Islamic Capital Markets while exploring new opportunities and enhancing our market data services.

3. Globalisation of trading and investment

The increasing globalisation of trading and investment was put into focus again this year when the Shanghai-Hong Kong Stock Connect, which provides offshore investors with direct access to the Shanghai Stock Exchange, received significant investor response. 2015 also saw a flurry of activities and discussions on other trading links across Asia such as the proposed trading link between the Taiwan Stock Exchange and the Singapore Exchange.

In this respect, Bursa Malaysia has continued to support the ASEAN Exchanges initiative and to promote ASEAN as an asset class to global investors. Throughout 2015, Bursa Malaysia highlighted the potential of the region through events such as the first ASEAN CAP10 Summit, which brought together top ASEAN CEOs from across the region to discuss the opportunities presented by ASEAN economic integration. The Exchange has also engaged directly with institutional and retail investors in ASEAN countries including Thailand and Singapore to highlight the opportunities available in the Malaysian markets.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

RISKS AND OPPORTUNITIES

The biggest risk in the immediate term to our financial performance is the ongoing volatility in the global markets. While we are confident that this will not have a substantial impact on the achievement of our long-term goals, prolonged weakness in commodity prices and the Ringgit may further weaken investor and trading sentiments, which may in turn have an impact on our revenue stream. Weaker revenue contributions from our markets may also impinge on our ability to create shareholder value over the short term.

We believe that the Malaysian economy is sufficiently robust with strong foundations to withstand external impacts. Further strengthening our economy is the presence of strong domestic institutions that play important roles in supporting the market. The economy has continued to diversify beyond its traditional dependence on commodities and has steadily climbed up the value chain. Gross national income has been on a rising trend, which is a positive development for us as this translates into a larger pool of potential investors.

Meanwhile, we have continued our efforts to identify and isolate risk items related to our regulatory, supervisory and market infrastructures. Bursa Malaysia continues to invest in technology and in talent to ensure that we have the resources and capitals required to sustain operations in the foreseeable future.

ASEAN: THE NEXT STEP FORWARD

The official launch of the ASEAN Economic Community in October 2015 is a timely reminder that we can no longer look solely within our borders for opportunities. We have stamped our ambition to become ASEAN's Multinational Marketplace and have embarked on significant regional and global campaigns to realise this vision.

As highlighted in our strategic intents, the value-creating platforms that will form the leverage points for us have been established over the last several years, and we have continued to improve both the microstructure and macrostructure of our marketplace. We have already started extracting value from these levers, and have made our initial forays into improving regional access for our investors, e.g. by enhancing global access via the CFTC's approval and in our participation in the ASEAN Trading Link.

ASEAN remains as exciting a story as ever and we are making headway in positioning ourselves as its regional leader and Multinational Marketplace. To achieve this ambition, we must remain focused on our role as a market operator and regulator and remain relevant to the requirements of domestic,

regional and global investors. 2016 will see us continue to seek out new investors and market participants interested in using Bursa Malaysia as a gateway into the rest of ASEAN.

ENGAGING THE DIGITAL GENERATION

With more than 65% of Malaysians connected to the internet, the digitisation of our marketplace is a must if we are to further grow market participation. Digitisation will also facilitate greater access into our market as investors will be able to make use of our services and facilities from anywhere in the world.

BursaMKTPLC, which was launched in 2014, has received a warm reception since going online, and will continue to form the backbone of our digital offerings going forward. Traditional engagement channels, such as the Bursa Young Investor Club, also provide an alternative channel for us to educate and promote the value of investing to the next generation.

Finally, our digital strategy also includes attracting greater participation from millennials, who will be a core demographic group for us going forward. We plan to make greater use of social media and other creative means as we did with our CELEB.TRADR programme to reach out to this age group.

MOVING FORWARD

We expect the challenging operating environment to continue through 2016. These developments are reinforcing the need for a sustainable core at the heart of our operations, and we believe that we have taken the right steps to ensure our long-term sustainability. Meanwhile, safeguarding market integrity remains our foremost priority.

In 2016, our priority is to sustain our financial performance within this more challenging environment while at the same time executing the final phase of our 2014-2016 Strategic Blueprint to further build our presence as ASEAN's Multinational Marketplace. Our fundamentals remain strong and we have seen evidence of reduced reliance on securities trading contributions. We must also remain prudent and diligent in managing our costs during this volatile period.

In comparison against our regional peers, we believe that Bursa Malaysia has demonstrated a level of resilience which will attract regional investors seeking safer shores should conditions further worsen. Our continued development of Bursa Malaysia's CG framework, coupled with our strength in investor protection and emphasis on sustainability, should shore up confidence in the integrity of our markets.

CEO'S MESSAGE AND MANAGEMENT DISCUSSION AND ANALYSIS

We also believe that the Malaysian market has a number of features attractive to investors. For instance, Bursa Malaysia is a high dividend-yielding market and is a largely low-Beta, defensive market supported by domestic institutions that invest based on fundamentals. These features make Bursa Malaysia particularly attractive during this time of volatility, as does our excellent corporate governance track record.

Our immediate plans will also see us undertaking a number of initiatives to enhance market participation, particularly from both domestic and foreign funds. We aim to promote and profile selected sectors, industries and SMEs to local funds through tailored seminars as well as to ethical investments in line with our sustainability agenda to create a dynamic ecosystem for SRI funds and investors. We will also conduct engagements with investors in both traditional and non-traditional foreign markets to promote our PLCs.

We will also continue to improve our engagements with various SME bodies while building on the various public and private platforms that support local SMEs and the National Key Economic Areas ("NKEA") agenda.

The Exchange also intends to follow through on its initiatives in the past years to further strengthen sustainability in our marketplace. With the initial framework in place, our next step is to seek greater participation from the PLCs and we will conduct advocacy sessions for our PLCs' Board of Directors, CEOs and key management to provide greater guidance to them.

PROTECTING SHAREHOLDER VALUE

We would like to reiterate our commitment to protecting shareholder value even during these times of adversity. The challenges confronting our markets are not unassailable, and the infrastructures we have put in place over the last few years will ensure that we continue to reward our shareholders appropriately.

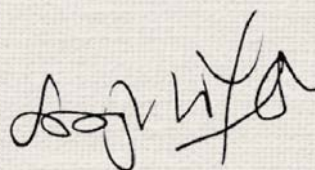
The journey that we have set for ourselves is a transformation over the long term and we are thus far on track. While we concede that we may have to make adjustments in confronting immediate risks, we are still well on our way to becoming an HPO, complete with a diverse and resilient marketplace with sustainability at its core.

APPRECIATION

Bursa Malaysia is today among the leading stock exchanges in the region and we continue to lead the pack in key areas including Islamic finance and on matters of sustainability. We must build on the momentum that we have created for ourselves and leverage on our early successes to make us a relevant source of value for all our stakeholders, both domestic and foreign.

On behalf of Bursa Malaysia's Management, I would like to thank our stakeholders who have supported and collaborated with us to help make Bursa Malaysia what it is today. We would like to thank our staff who have worked tirelessly and with complete dedication to realise the vision that we have set for ourselves, and I would like to take this opportunity to remind them that we are very close to reaching our goals.

Yet we must remain vigilant as the volatility of market conditions in the early part of 2016 has shown us that economic conditions can change at any time, and our strategy to further expand our presence will expose us to greater risk scenarios. However, I believe that together, we will find no challenge insurmountable and I hope that we will continue to receive the support of our stakeholders as we embark on the final leg of our transformation into becoming ASEAN's Multinational Marketplace.



Datuk Seri Tajuddin Atan
Chief Executive Officer