



BURSA MALAYSIA BERHAD (30632-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2016

3 February 2017

BURSA MALAYSIA BERHAD (30632-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2016

RM'000	Note	3 months ended		12 months ended	
		31.12.2016	31.12.2015	31.12.2016	31.12.2015
		Reviewed	Reviewed	Audited	Audited
Operating revenue	8	112,539	125,198	472,708	487,670
Other income	9	11,197	10,361	34,075	30,834
		123,736	135,559	506,783	518,504
Staff costs		(29,084)	(37,687)	(128,550)	(133,938)
Depreciation and amortisation		(6,082)	(6,069)	(24,227)	(23,739)
Other operating expenses	10	(19,612)	(21,251)	(83,416)	(82,051)
Profit before tax		68,958	70,552	270,590	278,776
Income tax expense	25	(16,568)	(17,924)	(67,929)	(72,321)
Profit for the period/year		52,390	52,628	202,661	206,455
Profit attributable to:					
Owners of the Company		50,167	50,603	193,621	198,613
Non-controlling interest		2,223	2,025	9,040	7,842
		52,390	52,628	202,661	206,455
Earnings Per Share ("EPS") attributable to owners of the Company (sen per share):					
Basic EPS	31(a)	9.4	9.5	36.2	37.2
Diluted EPS	31(b)	9.3	9.4	36.0	37.0

The above condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

BURSA MALAYSIA BERHAD (30632-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2016

RM'000	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	Reviewed	Reviewed	Audited	Audited
Profit for the period/year	52,390	52,628	202,661	206,455
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
Gain/(Loss) on foreign currency translation	251	(95)	150	506
Net fair value changes in Available-For-Sale ("AFS") financial assets	-	(8,616)	-	30,141
Net fair value changes in unquoted bonds at Fair Value Through Other Comprehensive Income ("FVTOCI")	(49)	-	356	-
Income tax effects relating to AFS financial assets	-	(5)	-	17
Income tax effects relating to unquoted bonds at FVTOCI	44	-	2	-
	246	(8,716)	508	30,664
Items that will not be subsequently reclassified to profit or loss:				
Actuarial losses on defined benefit obligations	(627)	(884)	(627)	(884)
Net fair value changes in quoted shares at FVTOCI	32,204	-	48,984	-
Income tax effects relating to actuarial losses on defined benefit obligations	151	168	151	168
	31,728	(716)	48,508	(716)
Total other comprehensive income, net of income tax	31,974	(9,432)	49,016	29,948
Total comprehensive income	84,364	43,196	251,677	236,403
Total comprehensive income attributable to:				
Owners of the Company	82,141	41,171	242,637	228,561
Non-controlling interest	2,223	2,025	9,040	7,842
	84,364	43,196	251,677	236,403

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

BURSA MALAYSIA BERHAD (30632-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

RM'000	Note	As at 31.12.2016 Audited	As at 31.12.2015 Audited
Assets			
Property, plant and equipment		183,240	191,214
Computer software		47,107	52,873
Goodwill		42,957	42,957
Investment securities		237,188	203,401
Staff loans receivable		3,525	4,392
Deferred tax assets		4,087	2,307
Non-current assets		518,104	497,144
Trade receivables		43,541	48,674
Other receivables		23,999	23,042
Tax recoverable		2,871	3,327
Investment securities		34,939	30,048
Cash for equity margins, derivatives trading margins, security deposits, Securities Borrowing and Lending ("SBL") collaterals and eDividend distributions	13	1,381,059	1,087,526
Cash and bank balances of Clearing Funds	14	126,213	125,568
Cash and bank balances of the Group	15	305,626	271,126
Current assets		1,918,248	1,589,311
Total assets		2,436,352	2,086,455
Equity and liabilities			
Share capital		268,136	267,307
Share premium		119,052	107,443
Other reserves		157,843	109,875
Retained earnings	26	323,909	318,825
Equity attributable to owners of the Company		868,940	803,450
Non-controlling interest		18,300	16,018
Total equity		887,240	819,468
Retirement benefit obligations		25,079	26,112
Deferred grants		3,092	4,087
Deferred tax liabilities		2,123	3,333
Non-current liabilities		30,294	33,532
Trade payables	13	1,378,595	1,083,886
Participants' contributions to Clearing Funds	14	36,213	35,568
Other payables		100,509	107,297
Tax payable		3,501	6,704
Current liabilities		1,518,818	1,233,455
Total liabilities		1,549,112	1,266,987
Total equity and liabilities		2,436,352	2,086,455
Net assets per share attributable to owners of the Company (RM)		1.62	1.50

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

BURSA MALAYSIA BERHAD (30632-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	←----- Attributable to owners of the Company -----→											
	←----- Non-distributable -----→					----- Distributable -----→						
			Capital	Foreign	Share	Clearing	AFS	FVTOCI	Retained		Non-	Total
RM'000	Share	Share	redemption	currency	grant	fund	reserve	reserve	earnings	Total	controlling	equity
	capital	premium	reserve	translation	reserve	reserves	reserve	reserve			interest	
At 1 January 2016	267,307	107,443	5,250	710	10,049	30,000	63,866	-	318,825	803,450	16,018	819,468
Effects of MFRS 9 <i>Financial Instruments</i> adoption (Note 2.1 (ii)(a))	-	-	-	-	-	-	(63,866)	64,041	(619)	(444)	(8)	(452)
At 1 January 2016 (restated)	267,307	107,443	5,250	710	10,049	30,000	-	64,041	318,206	803,006	16,010	819,016
Profit for the year	-	-	-	-	-	-	-	-	193,621	193,621	9,040	202,661
Other comprehensive income, net of income tax	-	-	-	150	-	-	-	49,342	(476)	49,016	-	49,016
Total comprehensive income	-	-	-	150	-	-	-	49,342	193,145	242,637	9,040	251,677
Transactions with owners of the Company:												
Issuance of ordinary shares pursuant to Share Grant Plan ("SGP")	829	11,609	-	-	(12,438)	-	-	-	-	-	-	-
SGP expense	-	-	-	-	10,739	-	-	-	-	10,739	-	10,739
Dividends paid (Note 7)	-	-	-	-	-	-	-	-	(187,442)	(187,442)	-	(187,442)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(6,750)	(6,750)
At 31 December 2016	268,136	119,052	5,250	860	8,350	30,000	-	113,383	323,909	868,940	18,300	887,240
At 1 January 2015	266,760	100,064	5,250	204	7,496	30,000	33,708	-	305,218	748,700	14,001	762,701
Profit for the year	-	-	-	-	-	-	-	-	198,613	198,613	7,842	206,455
Other comprehensive income, net of income tax	-	-	-	506	-	-	30,158	-	(716)	29,948	-	29,948
Total comprehensive income	-	-	-	506	-	-	30,158	-	197,897	228,561	7,842	236,403
Transactions with owners of the Company:												
Issuance of ordinary shares pursuant to SGP	547	7,379	-	-	(7,926)	-	-	-	-	-	-	-
SGP expense	-	-	-	-	10,479	-	-	-	-	10,479	-	10,479
Dividends paid (Note 7)	-	-	-	-	-	-	-	-	(184,290)	(184,290)	-	(184,290)
Dividends paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	(5,825)	(5,825)
At 31 December 2015	267,307	107,443	5,250	710	10,049	30,000	63,866	-	318,825	803,450	16,018	819,468

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

BURSA MALAYSIA BERHAD (30632-P)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

RM'000	Note	12 months ended	
		31.12.2016	31.12.2015
		Audited	Audited
Cash flows from operating activities			
Profit before tax		270,590	278,776
Adjustments for:			
Amortisation of premium, net		52	61
Depreciation and amortisation		24,227	23,739
Dividend income from investment securities	9	(6,505)	(5,372)
Grant income	9	(1,170)	(1,281)
Interest income	9	(19,803)	(18,174)
Net gain on disposal of investment securities	9	(47)	(95)
Net impairment loss/(reversal of impairment loss) on:			
Investment securities	10	286	-
Trade and other receivables	10	(347)	135
Loss on disposal of motor vehicle	9	-	345
Property, plant and equipment written off	10	5	42
Reversal of short-term accumulating compensated unutilised leave		(55)	(206)
Retirement benefit obligations		1,319	1,369
SGP expense		10,739	10,479
Unrealised loss/(gain) on foreign exchange differences		428	(735)
Operating profit before working capital changes		279,719	289,083
Decrease/(Increase) in receivables		2,922	(7,334)
(Decrease)/Increase in other payables		(5,160)	13,247
Cash generated from operations		277,481	294,996
Staff loans repaid		743	1,045
Retirement benefits paid		(2,979)	(2,368)
Net tax paid		(73,316)	(77,717)
Net cash from operating activities		201,929	215,956
Cash flows (used in)/from investing activities			
Dividends received		8,306	1,515
Increase in deposits not for short-term funding requirements		(84,510)	(7,068)
Interest received		18,814	17,042
Proceeds from disposal of investment securities		40,012	58,554
Purchases of investment securities		(29,641)	(31,463)
Proceeds from disposal of motor vehicle		-	283
Purchases of property, plant and equipment and computer software		(10,881)	(15,534)
Net cash (used in)/from investing activities		(57,900)	23,329
Cash flows used in financing activities			
Dividends paid	7	(187,442)	(184,290)
Dividends paid by a subsidiary to non-controlling interest		(6,750)	(5,825)
Net cash used in financing activities		(194,192)	(190,115)
Net (decrease)/increase in cash and cash equivalents			
Effect of exchange rate changes		153	521
Cash and cash equivalents at beginning of year		264,058	214,367
Cash and cash equivalents at end of year	15	214,048	264,058

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to these interim financial statements.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

1. BASIS OF PREPARATION

This condensed consolidated financial statements (Condensed Report), other than for financial instruments and retirement benefit obligations, have been prepared under the historical cost convention. Certain financial instruments are carried at fair value in accordance with Malaysian Financial Reporting Standard ("MFRS") 9 *Financial Instruments* and MFRS 139 *Financial Instruments: Recognition and Measurement*, and the retirement benefit obligations include actuarial gains and losses in accordance with MFRS 119 *Employee Benefits*.

This Condensed Report has also been prepared in accordance with the requirements of MFRS 134 *Interim Financial Reporting*, International Accounting Standard ("IAS") 34 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to the Condensed Report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Adoption of Standards, Amendments and Annual Improvements to Standards

The accounting policies adopted in the preparation of the Condensed Report are consistent with those used in the preparation of the Group's audited financial statements for the financial year ended 31 December 2015, except for the following:

(i) Standards, Amendments and Annual Improvements to Standards effective for financial periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 11 Joint Arrangements - *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 101 Presentation of Financial Statements - *Disclosure Initiative*

Amendments to MFRS 127 Separate Financial Statements - *Equity Method in Separate Financial Statements*

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture - *Agriculture: Bearer Plants*

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - *Investment Entities: Applying the Consolidation Exception*

Annual Improvements to MFRSs 2012 - 2014 Cycle

The above pronouncements are either not relevant or do not impact on the financial statements of the Group.

(ii) Early adoption of Standards effective for financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers - *Clarifications to MFRS 15 Revenue from Contracts with Customers*

The Group has elected to early adopt MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers*, which are mandatory for financial periods beginning on or after 1 January 2018. The impacts of the adoption of these Standards on the Group's financial statements are as follows:

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)

(ii) Early adoption of Standards effective for financial periods beginning on or after 1 January 2018 (Cont'd.)

(a) MFRS 9 Financial Instruments

The adoption of this Standard resulted in changes in accounting policies and adjustments to the financial statements. The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group. In accordance with the transition requirements under paragraph 7.2.15 of this Standard, comparatives are not restated and the financial impact of the adoption of this Standard is recognised in retained earnings as at 1 January 2016.

i. Changes in accounting policies

Financial assets

The Group classifies its financial assets into the following measurement categories:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The classification above depends on the Group's business model for managing the financial assets and the terms of contractual cash flows. The following summarises the key changes:

- The Available-For-Sale ("AFS") and loans and receivables financial asset categories were removed.
- A new financial asset category measured at amortised cost was introduced. This applies to financial asset with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows only.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

Financial liabilities

There is no impact on the classification and measurement of the Group's financial liabilities.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)

(ii) Early adoption of Standards effective for financial periods beginning on or after 1 January 2018 (Cont'd.)

(a) MFRS 9 Financial Instruments (Cont'd.)

i. Changes in accounting policies (Cont'd.)

Impairment of financial assets

MFRS 9 *Financial Instruments* requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139 *Financial Instruments: Recognition and Measurement*. The key changes in the Group's accounting policies in relation to impairment of financial assets are as follows:

a. Unquoted bonds, staff loans receivable and cash and bank balances

The amount of ECL is measured as the probability-weighted present value of all cash shortfalls over the expected life of the financial asset discounted at its original effective interest rate. The cash shortfall is the difference between all contractual cash flows that are due to the Group and all the cash flows that the Group expects to receive.

The Group applies a two-step approach to measure the ECL on unquoted bonds, staff loans receivable and cash and bank balances:

(i) 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group shall measure the loss allowance for that financial asset at an amount based on the probability of default occurring within the next 12 months considering the loss given default of that financial asset.

(ii) Lifetime ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as loss allowance by the Group. If in a subsequent period, the significant increase in credit risk since initial recognition is no longer evident, the Group shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

At each reporting date, the Group assesses whether there is a significant increase in credit risk for unquoted bonds, staff loans receivable and cash and bank balances since initial recognition by comparing the risk of default on these financial assets as at the reporting date with the risk of default as at the date of initial recognition. The Group considers external credit rating and other supportive information to assess deterioration in credit quality of these financial assets.

b. Trade and other receivables which are financial assets

The Group applies the simplified approach prescribed by MFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the trade and other receivables which are financial assets.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)

(ii) Early adoption of Standards effective for financial periods beginning on or after 1 January 2018 (Cont'd.)

(a) MFRS 9 Financial Instruments (Cont'd.)

ii. Classification and measurement of financial instruments

The following table summarises the reclassification and measurement of the Group's financial assets as at 1 January 2016:

	Note	Measurement category		Carrying amount as at 1 January 2016	
		Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139) RM'000	New (MFRS 9) RM'000
Financial assets:					
Investments securities					
- Quoted shares (outside Malaysia)	(1)	AFS	FVTOCI	148,667	148,667
- Unquoted bonds	(1)	AFS	FVTOCI	84,782	84,782
Staff loans receivable	(2)	Loans and receivables	Amortised cost	5,026	5,026
Trade receivables	(2)	Loans and receivables	Amortised cost	48,674	48,024
Other receivables which are financial assets	(2)	Loans and receivables	Amortised cost	14,662	14,662
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	(2)	Loans and receivables	Amortised cost	1,087,526	1,087,526
Cash and bank balances of Clearing Funds	(2)	Loans and receivables	Amortised cost	125,568	125,568
Cash and bank balances of the Group	(2)	Loans and receivables	Amortised cost	271,126	271,126

(1) The Group elected to present in other comprehensive income the changes in the fair value of its quoted shares (outside Malaysia) previously classified as AFS, as this investment is not held for trading. For debt instruments, unquoted bonds that have previously been classified as AFS are now reclassified to FVTOCI. The Group's business model for unquoted bonds is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely principal and interest.

(2) Staff loans receivable, trade receivables, other receivables which are financial assets, cash and bank balances and cash for equity margins, trading margins, security deposits and eDividend distributions that have previously been classified as loans and receivables are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Classification of the Group's financial liabilities remained unchanged. Financial liabilities consisting of trade payables, participants' contributions to Clearing Funds and other payables which are financial liabilities, continue to be measured at amortised cost.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)

(ii) Early adoption of Standards effective for financial periods beginning on or after 1 January 2018 (Cont'd.)

(a) MFRS 9 Financial Instruments (Cont'd.)

ii. Classification and measurement of financial instruments (Cont'd.)

The following table is a reconciliation of the carrying amount of the Group's statement of financial position from MFRS 139 *Financial Instruments: Recognition and Measurement* to MFRS 9 *Financial Instruments* as at 1 January 2016:

	<u>Original (MFRS 139)</u>			<u>New (MFRS 9)</u>
	Carrying amount as at 31 December 2015 RM'000	Reclassification RM'000	Remeasurement RM'000	Carrying amount as at 1 January 2016 RM'000
Investment securities - AFS	233,449	(233,449)	-	-
Investment securities - FVTOCI	-	233,449	-	233,449
Deferred tax assets:				
Opening balance	2,307	-	-	2,307
Deferred tax relating to allowance for impairment	-	-	198	198
Total deferred tax assets	2,307	-	198	2,505
Trade receivables:				
Opening balance	48,674	-	-	48,674
Increase in allowance for impairment*	-	-	(650)	(650)
Total trade receivables	48,674	-	(650)	48,024
Retained earnings:				
Opening balance	318,825	-	-	318,825
Increase in loss allowance for:				
- unquoted bonds at FVTOCI**	-	-	(175)	(175)
- trade receivables*	-	-	(640)	(640)
Deferred tax relating to allowance for impairment	-	-	196	196
Total retained earnings	318,825	-	(619)	318,206
AFS reserve	63,866	(63,866)	-	-
FVTOCI reserve:				
Opening balance	-	63,866	-	63,866
Fair value changes arising from the increase in allowance for impairment	-	-	175	175
Total FVTOCI reserve	-	63,866	175	64,041
Non-controlling interest:				
Opening balance	16,018	-	-	16,018
Increase in loss allowance for trade receivables	-	-	(10)	(10)
Deferred tax relating to allowance for impairment	-	-	2	2
Total non-controlling interest	16,018	-	(8)	16,010

* The Group applies the simplified approach in providing for ECL.

** No known significant credit risk for unquoted bonds at FVTOCI. Thus, the Group applies 12-months ECL.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

2.1 Adoption of Standards, Amendments and Annual Improvements to Standards (Cont'd.)

(ii) Early adoption of Standards effective for financial periods beginning on or after 1 January 2018 (Cont'd.)

(b) MFRS 15 Revenue from Contracts with Customers

The Group has elected to early adopt MFRS 15 *Revenue from Contracts with Customers* which is applied retrospectively from 1 January 2016. This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provides a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no material financial impact other than the disclosures made in the Group's financial statements.

2.2 Standards issued but not yet effective

As at the date of authorisation of the Condensed Report, the following Standards and Amendments to MFRSs were issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group:

Effective for financial periods beginning on or after 1 January 2017

Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*

Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*

Annual Improvements to MFRSs 2014 - 2016 Cycle

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 2 Share-based Payment - *Classification and Measurement of Share-based Payment Transactions*

Amendments to MFRS 140 Investment Property - *Transfers of Investment Property*

Annual Improvements to MFRSs 2014 - 2016 Cycle

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 Leases

Effective date of these Standards have been deferred, and yet to be announced

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group does not expect any material impact to the financial statements arising from the adoption of the above pronouncements.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is affected by the level of activities in the securities and derivatives markets but not by any seasonal or cyclical factors.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter and year ended 31 December 2016.

5. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates other than as disclosed in Note 2.1(ii)(a), that have had any material effect during the quarter and year ended 31 December 2016.

6. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the financial year ended 31 December 2016 other than the following:

- (i) On 1 April 2016, the Company issued 250,000 new ordinary shares of RM0.50 each pursuant to the SGP;
- (ii) On 28 April 2016, the Company issued 416,000 new ordinary shares of RM0.50 each pursuant to the SGP;
and
- (iii) On 13 July 2016, the Company issued 992,100 new ordinary shares of RM0.50 each pursuant to the SGP.

BURSA MALAYSIA BERHAD (30632-P)
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7. DIVIDENDS PAID

The following dividends were paid during the current and previous corresponding financial year ended:

	31.12.2016	31.12.2015
Interim dividend		
For the financial year ended	31 December 2016	31 December 2015
Approved and declared on	25 July 2016	15 July 2015
Date paid	19 August 2016	12 August 2015
Number of ordinary shares on which dividends were paid ('000)	536,272	534,614
Dividend per share (single-tier)	17.0 sen	16.5 sen
Net dividend paid (RM'000)	91,166	88,211
Final dividend		
For the financial year ended	31 December 2015	31 December 2014
Approved and declared on	31 March 2016	31 March 2015
Date paid	18 April 2016	16 April 2015
Number of ordinary shares on which dividends were paid ('000)	534,864	533,770
Dividend per share (single-tier)	18.0 sen	18.0 sen
Net dividend paid (RM'000)	96,276	96,079

8. OPERATING REVENUE

RM'000	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Clearing fees	38,114	47,589	168,382	185,616
Trade fees	5,239	6,332	22,294	24,489
Others	5,637	5,866	22,245	22,944
Total Securities trading revenue	48,990	59,787	212,921	233,049
Clearing fees	4,653	4,777	19,469	18,995
Trade fees	12,301	12,686	49,764	50,935
Others	4,933	4,678	19,495	16,218
Total Derivatives trading revenue	21,887	22,141	88,728	86,148
Bursa Suq Al-Sila ("BSAS") trading revenue	3,875	5,020	16,439	16,787
Listing and issuer services	14,011	14,490	53,540	52,914
Depository services	9,804	9,700	39,035	38,415
Market data	8,816	8,785	35,292	33,667
Member services and connectivity	5,156	5,275	21,001	20,844
Conference fee and exhibition related income	-	-	5,752	5,846
	41,662	43,270	171,059	168,473
Total operating revenue	112,539	125,198	472,708	487,670

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

8. OPERATING REVENUE (CONT'D.)

(a) Disaggregation of revenue

The following table illustrates the Group's revenue as disaggregated by major products or services and provides a reconciliation of the disaggregated revenue with the Group's four major market segments as disclosed in Note 11. The table also includes the timing of revenue recognition.

RM'000	Securities Market	Derivatives Market	Exchange Holding Company	Others	Total
3 months ended 31 December 2016					
Major products or services:					
- Securities trading revenue	48,995	-	-	(5)	48,990
- Derivatives trading revenue	-	21,887	-	-	21,887
- BSAS trading revenue	-	-	-	3,875	3,875
- Listing and issuer services	13,958	-	-	53	14,011
- Depository services	9,804	-	-	-	9,804
- Market data	6,629	2,129	-	58	8,816
- Member services and connectivity	3,243	39	1,835	39	5,156
	82,629	24,055	1,835	4,020	112,539
Timing of revenue recognition:					
- At a point in time	70,936	23,069	-	3,932	97,937
- Over time	11,693	986	1,835	88	14,602
	82,629	24,055	1,835	4,020	112,539
12 months ended 31 December 2016					
Major products or services:					
- Securities trading revenue	212,921	-	-	-	212,921
- Derivatives trading revenue	-	88,728	-	-	88,728
- BSAS trading revenue	-	-	-	16,439	16,439
- Listing and issuer services	53,342	-	-	198	53,540
- Depository services	39,035	-	-	-	39,035
- Market data	26,803	8,254	-	235	35,292
- Member services and connectivity	13,184	167	7,500	150	21,001
- Conference fee and exhibition related income	-	5,752	-	-	5,752
	345,285	102,901	7,500	17,022	472,708
Timing of revenue recognition:					
- At a point in time	297,121	98,924	-	16,684	412,729
- Over time	48,164	3,977	7,500	338	59,979
	345,285	102,901	7,500	17,022	472,708

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9. OTHER INCOME

RM'000	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Interest income from:				
- Investments	4,651	4,652	19,634	17,955
- Others	39	17	169	219
Dividend income	4,528	3,892	6,505	5,372
Grant income	301	281	1,170	1,281
Loss on disposal of motor vehicle	-	-	-	(345)
Net gain on disposal of investment securities	-	-	47	95
Rental income	1,658	1,536	6,398	6,132
Miscellaneous income	20	(17)	152	125
Total other income	11,197	10,361	34,075	30,834

10. OTHER OPERATING EXPENSES

RM'000	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Administrative expenses	1,520	1,543	6,771	6,607
Building management expenses	2,986	2,992	11,698	11,205
Central Depository System ("CDS") consumables	520	761	3,561	3,478
Marketing and development expenses	2,033	1,778	10,003	9,312
Net impairment loss/(reversal of impairment loss) on:				
- Investment securities	326	-	286	-
- Trade and other receivables	(43)	254	(347)	135
Professional fees	574	914	3,532	1,789
Property, plant and equipment written off	5	40	5	42
Technology charges:				
- Information technology maintenance	4,807	5,478	17,339	18,046
- Service fees	5,153	5,237	22,113	22,381
Net (gain)/loss on foreign exchange differences	(415)	(83)	280	(262)
Miscellaneous expenses	2,146	2,337	8,175	9,318
Total other operating expenses	19,612	21,251	83,416	82,051

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. SEGMENTAL INFORMATION

RM'000	Securities Market	Derivatives Market	Exchange Holding Company	Others	Consolidated
RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2016					
Operating revenue	82,629	24,055	1,835	4,020	112,539
Other income	3,070	645	7,454	28	11,197
Direct costs	(20,694)	(10,447)	(4,075)	(1,659)	(36,875)
Segment profit	65,005	14,253	5,214	2,389	86,861
Overheads					(17,903)
Profit before tax	65,005	14,253	5,214	2,389	68,958

RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2015					
Operating revenue	93,911	24,249	1,840	5,198	125,198
Other income	3,050	607	6,586	118	10,361
Direct costs	(25,581)	(12,079)	(9,261)	(1,601)	(48,522)
Segment profit/(loss)	71,380	12,777	(835)	3,715	87,037
Overheads					(16,485)
Profit/(Loss) before tax	71,380	12,777	(835)	3,715	70,552

RESULTS FOR 12 MONTHS ENDED 31 DECEMBER 2016					
Operating revenue	345,285	102,901	7,500	17,022	472,708
Other income	13,191	2,465	18,218	201	34,075
Direct costs	(89,043)	(46,966)	(25,546)	(6,278)	(167,833)
Segment profit	269,433	58,400	172	10,945	338,950
Overheads					(68,360)
Profit before tax	269,433	58,400	172	10,945	270,590

RESULTS FOR 12 MONTHS ENDED 31 DECEMBER 2015					
Operating revenue	362,782	100,046	7,460	17,382	487,670
Other income	12,744	2,130	15,624	336	30,834
Direct costs	(89,781)	(50,938)	(32,000)	(5,928)	(178,647)
Segment profit/(loss)	285,745	51,238	(8,916)	11,790	339,857
Overheads					(61,081)
Profit/(Loss) before tax	285,745	51,238	(8,916)	11,790	278,776

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

11. SEGMENTAL INFORMATION (CONT'D.)

RM'000	Securities Market	Derivatives Market	Exchange Holding Company	Others	Consolidated
ASSETS AND LIABILITIES AS AT 31 DECEMBER 2016					
Assets	374,096	120,237	397,401	30,388	922,122
Clearing Funds	98,260	27,953	-	-	126,213
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	89,876	1,291,183	-	-	1,381,059
Segment assets	562,232	1,439,373	397,401	30,388	2,429,394
Unallocated corporate assets					6,958
Total assets	562,232	1,439,373	397,401	30,388	2,436,352
Liabilities	30,137	12,691	69,647	13,741	126,216
Participants' contributions to Clearing Funds	13,260	22,953	-	-	36,213
Equity margins, derivatives trading margins, SBL collaterals and eDividend distributions	89,876	1,291,183	-	-	1,381,059
Segment liabilities	133,273	1,326,827	69,647	13,741	1,543,488
Unallocated corporate liabilities					5,624
Total liabilities	133,273	1,326,827	69,647	13,741	1,549,112

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12. RELATED PARTY DISCLOSURES

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

13. CASH FOR EQUITY MARGINS, DERIVATIVES TRADING MARGINS, SECURITY DEPOSITS, SBL COLLATERALS AND eDIVIDEND DISTRIBUTIONS

RM'000	As at 31.12.2016
Equity margins, derivatives trading margins, security deposits and SBL collaterals, representing trade payables	1,378,595
Cash received for eDividend distributions (included in other payables)	2,464
Total cash for equity margins, derivatives trading margins, security deposits and eDividend distributions	1,381,059

The amount of non-cash collaterals for equity margins, derivatives trading margins, security deposits and SBL collaterals which are not included in the consolidated statement of financial position as at 31 December 2016 comprise the following:

RM'000	As at 31.12.2016
Collaterals in the form of letters of credit	637,940
Collaterals in the form of shares	427
	638,367

14. CASH AND BANK BALANCES OF CLEARING FUNDS

RM'000	Participants' contributions	Cash set aside by the Group	As at 31.12.2016
Contributions from Trading Clearing Participants ("TCPs") of Bursa Malaysia Securities Clearing Sdn Bhd ("BMSC")	13,260	-	13,260
Contribution from BMSC	-	25,000	25,000
Additional cash resources from BMSC	-	60,000	60,000
Clearing Guarantee Fund ("CGF") contributions (Note a)	13,260	85,000	98,260
Contributions from Clearing Participants ("CPs") of Bursa Malaysia Derivatives Clearing Bhd ("BMDC")	22,953	-	22,953
Contribution from BMDC	-	5,000	5,000
Derivatives Clearing Fund ("DCF") contributions (Note b)	22,953	5,000	27,953
Total cash and bank balances of Clearing Funds	36,213	90,000	126,213

(a) Total cash and non-cash components of the CGF are as follows:

RM'000	As at 31.12.2016
Cash and bank balances	98,260
Bank guarantees from TCPs of BMSC	4,263
Total CGF	102,523

(b) There are no non-cash collaterals from CPs of BMDC for DCF held by the Group as at 31 December 2016.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

15. CASH AND BANK BALANCES OF THE GROUP

RM'000	As at 31.12.2016
Cash and bank balances	5,262
Deposits for short-term funding requirements	208,786
Cash and cash equivalents	214,048
Deposits not for short-term funding requirements	91,578
Total cash and bank balances	305,626

Included in the cash and bank balances as at the end of the financial year is an amount of RM175,000 which has been set aside to meet or secure the claims of creditors pursuant to a High Court order issued in relation to the reduction of capital of the Company on 27 January 2005.

16. CAPITAL COMMITMENTS

Capital commitments for the purchase of property, plant and equipment not provided for in the Condensed Report as at the end of the financial year are as follows:

RM'000	Approved and contracted for	Approved but not contracted for
Computers and office automation	1,448	267
Renovations	44	26
Total capital commitments	1,492	293

17. CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets and no changes in the contingent liability in respect of the put and call options with Chicago Mercantile Exchange Group over the ordinary shares of Bursa Malaysia Derivatives Berhad since 31 December 2015.

18. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the quarter and year ended 31 December 2016.

19. OPERATING LEASE ARRANGEMENTS

(a) As Lessee - for the lease of land

The future aggregate minimum lease payments payable under non-cancellable operating lease contracted for as at the end of the financial year but not recognised as liabilities are as follows:

RM'000	As at 31.12.2016
Not later than 1 year	539
Later than 1 year and not later than 5 years	2,155
Later than 5 years	38,102
Total future minimum lease payments	40,796

(b) As Lessee - for the lease of equipment

The future aggregate minimum lease payments payable under operating leases contracted for as at the end of the financial year but not recognised as liabilities are as follows:

RM'000	As at 31.12.2016
Not later than 1 year	126
Total future minimum lease payments	126

(c) As Lessor - for the lease of office space in the building

The future aggregate minimum lease payments receivable under operating leases contracted for as at the end of the financial year but not recognised as receivables are as follows:

RM'000	As at 31.12.2016
Not later than 1 year	6,088
Later than 1 year and not later than 2 years	308
Total future minimum lease receivables	6,396

20. FINANCIAL INSTRUMENTS

20.1 Classification

The following table analyses the financial assets and financial liabilities of the Group in the condensed consolidated statement of financial position by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis as at 31 December 2016.

RM'000	Financial Assets at FVTOCI	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
As at 31 December 2016				
Assets				
Investments securities				
- Quoted shares (outside Malaysia)	197,651	-	-	197,651
- Unquoted bonds	74,476	-	-	74,476
	<u>272,127</u>	-	-	<u>272,127</u>
Staff loans receivable	-	4,114	-	4,114
Trade receivables	-	43,541	-	43,541
Other receivables which are financial assets*	-	14,464	-	14,464
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	-	1,381,059	-	1,381,059
Cash and bank balances of Clearing Funds	-	126,213	-	126,213
Cash and bank balances of the Group	-	305,626	-	305,626
Total financial assets	272,127	1,875,017	-	2,147,144
Liabilities				
Trade payables	-	-	1,378,595	1,378,595
Participants' contributions to Clearing Funds	-	-	36,213	36,213
Other payables which are financial liabilities**	-	-	30,484	30,484
Total financial liabilities	-	-	1,445,292	1,445,292

* Other receivables which are financial assets include deposits, interest receivables and sundry receivables, net of allowance for impairment.

** Other payables which are financial liabilities include amount due to the Securities Commission and sundry payables.

20. FINANCIAL INSTRUMENTS (CONT'D.)

20.2 Fair Value

(a) Financial instruments that are carried at fair value

Financial assets at FVTOCI are measured at fair value at different measurement hierarchies (i.e. Level 1, 2 and 3). The hierarchies reflect the level of objectiveness of inputs used when measuring the fair value.

(i) Level 1: Quoted prices (unadjusted) of identical assets in active markets

Quoted shares are measured at Level 1. The fair value of quoted shares is determined directly by reference to their published market bid prices as at 31 December 2016.

(ii) Level 2: Inputs other than at quoted prices included within Level 1 that are observable for the assets, either directly (prices) or indirectly (derived from prices)

Unquoted bonds are measured at Level 2. The fair value of unquoted bonds is determined by reference to the published market bid prices of unquoted fixed income securities based on information provided by Bond Pricing Agency Malaysia Sdn. Bhd..

(iii) Level 3: Inputs for the assets that are not based on observable market data (unobservable inputs)

The Group does not have any financial instruments measured at Level 3 as at 31 December 2016.

RM'000	Level 1	Level 2	Total
Financial assets at FVTOCI			
Quoted shares	197,651	-	197,651
Unquoted bonds	-	74,476	74,476
	197,651	74,476	272,127

There were no transfers between Level 1 and Level 2 during the quarter and year ended 31 December 2016.

(b) Financial instruments that are not carried at fair value

The carrying amount of financial assets and financial liabilities at amortised cost, other than staff loans receivable, are reasonable approximation of their fair values due to their short-term nature.

The carrying amount of staff loans receivable approximates its fair value, and is estimated by discounting the expected future cash flows using the current interest rates for loans with similar risk profiles. The fair value of the staff loans receivable is measured at Level 3 under the measurement hierarchy.

21. EVENTS AFTER THE REPORTING PERIOD

The Companies Act 2016 (“New Act”) was enacted to replace the Companies Act 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act is not expected to have any financial impact on the Group and on the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

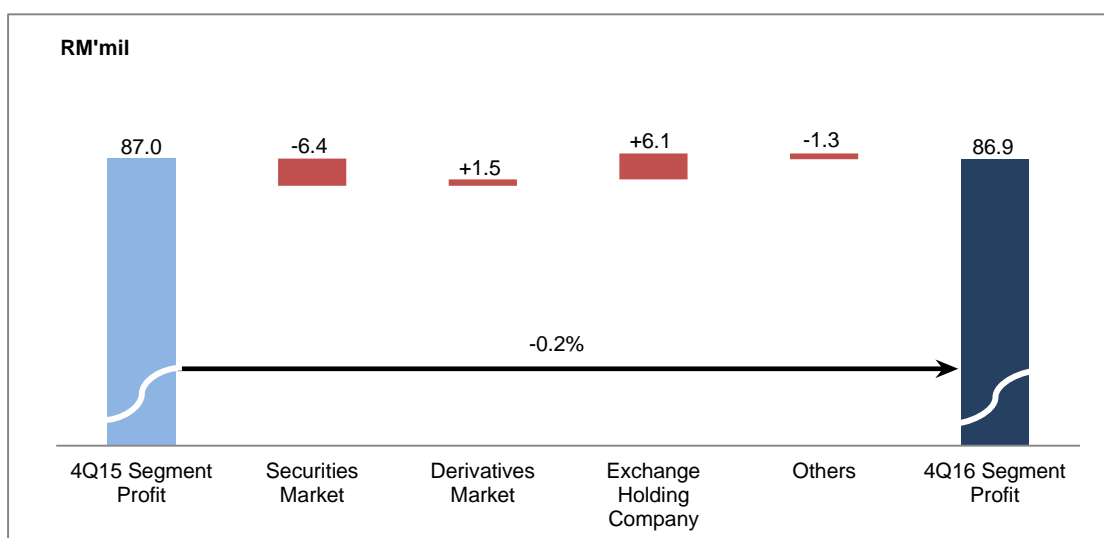
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

22. OPERATING SEGMENTS REVIEW

(a) 4Q16 vs. 4Q15

Profit before tax ("PBT") for the quarter ended 31 December 2016 ("4Q16") was RM69.0 million, a decrease of 2.3 per cent compared to RM70.6 million in the quarter ended 31 December 2015 ("4Q15"). PBT is made up of segment profits less overheads (as depicted in Note 11).

Total segment profit for 4Q16 was RM86.9 million, a decrease of 0.2 per cent compared to RM87.0 million in 4Q15. The movements in the segment profits are depicted in the graph below:

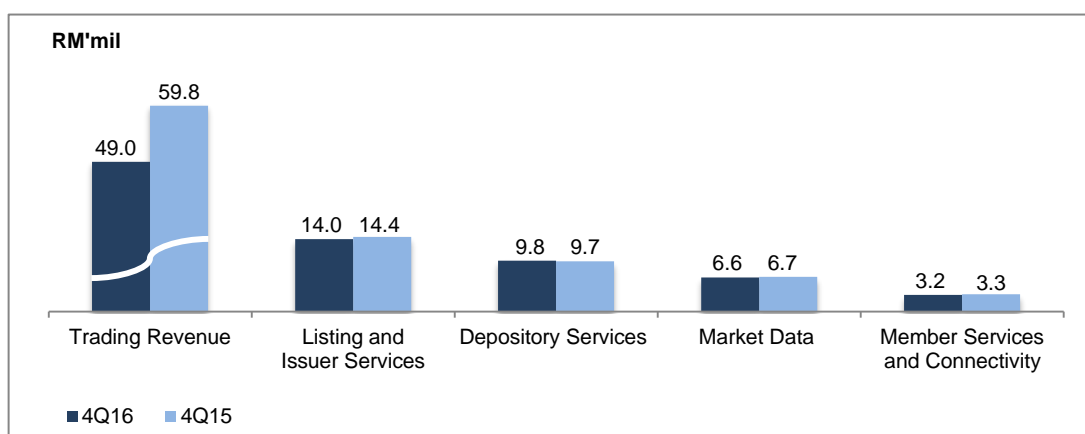


Securities Market

The Securities Market recorded a segment profit of RM65.0 million in 4Q16, a decrease of 8.9 per cent compared to RM71.4 million in 4Q15.

(i) Operating Revenue

The Securities Market operating revenue for 4Q16 was RM82.6 million, representing a decrease of 12.0 per cent compared to RM93.9 million in 4Q15. The details by revenue category are shown in the chart below:



**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

22. OPERATING SEGMENTS REVIEW (CONT'D.)

(a) 4Q16 vs. 4Q15 (Cont'd.)

Securities Market (Cont'd.)

(i) Operating Revenue (Cont'd.)

- > Trading revenue decreased by 18.1 per cent to RM49.0 million in 4Q16 compared to 4Q15. 4Q16 saw a lower Average Daily Value ("ADV") for On-Market Trades ("OMT") and Direct Business Trades ("DBT") of RM1.93 billion compared to RM2.15 billion in 4Q15 and a lower effective clearing fee rate of 2.22 basis points (4Q15: 2.34 basis points).

Key operating drivers in the Securities Market are as follows:

		4Q16	4Q15	%
FBM KLCI	(points)	1,641.73	1,692.51	-3
Average daily trading value (OMT and DBT)	(RM'billion)	1.93	2.15	-10
Average daily trading volume (OMT and DBT)	(billion shares)	1.54	2.23	-31
Effective clearing fee rate	(basis points)	2.22	2.34	-5
Velocity	(per cent)	25	30	-17
Number of Initial Public Offering ("IPOs")		4	2	100
Number of new structured warrant listings		259	166	56
Total funds raised:				
- IPOs	(RM'billion)	0.16	0.42	-62
- Secondary issues	(RM'billion)	4.62	7.75	-40
Market capitalisation at end of period	(RM'billion)	1,667.37	1,695.15	-2

(ii) Operating Expenses

Operating expenses decreased by 19.1 per cent to RM20.7 million in 4Q16 mainly due to adjustments to staff costs.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

22. OPERATING SEGMENTS REVIEW (CONT'D.)

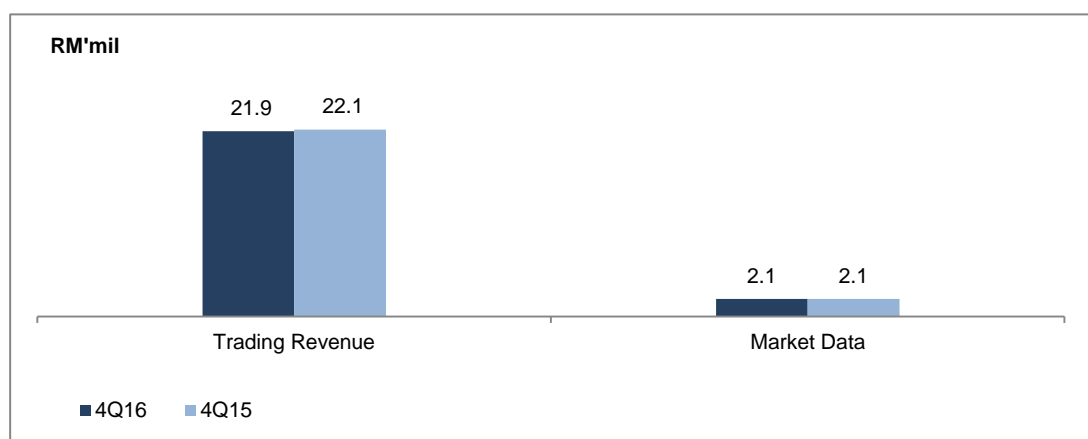
(a) 4Q16 vs. 4Q15 (Cont'd.)

Derivatives Market

The Derivatives Market recorded a segment profit of RM14.3 million in 4Q16, an increase of 11.6 per cent from RM12.8 million in 4Q15 mainly a result of lower operating expenses in 4Q16.

(i) Operating Revenue

The Derivatives Market operating revenue for 4Q16 was RM24.0 million, representing a decrease of 0.8 per cent from RM24.2 million in 4Q15, mainly from trading revenue as shown in the chart below:



Key operating drivers in the Derivatives Market are as follows:

		4Q16	4Q15	%
FCPO contracts	(million)	2.76	2.72	1
FKLI contracts	(million)	0.66	0.75	-12
Other contracts	(million)	0.01	-	-
Total	(million)	3.43	3.47	-1
Average daily number of contracts traded		55,289	55,985	-1
Average number of open interest position		240,069	239,749	0

(ii) Operating Expenses

Segment expenses decreased by 13.5 per cent to RM10.4 million in 4Q16 mainly due to lower staff costs.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

22. OPERATING SEGMENTS REVIEW (CONT'D.)

(a) 4Q16 vs. 4Q15 (Cont'd.)

Exchange Holding Company

The Exchange Holding Company recorded a segment profit of RM5.3 million in 4Q16 from a segment loss of RM0.8 million in 4Q15 due to adjustments to staff costs. Higher investment income earned in 4Q16 also contributed to the increase in segment profit.

Others

This segment is made up of BSAS business, bonds trading and offshore exchange. The segment profit decreased by 35.7 per cent to RM2.4 million in 4Q16 mainly due to the lower trades from BSAS.

Overheads

Overheads increased by 8.6 per cent to RM17.9 million in 4Q16 mainly due to higher professional fees incurred in 4Q16.

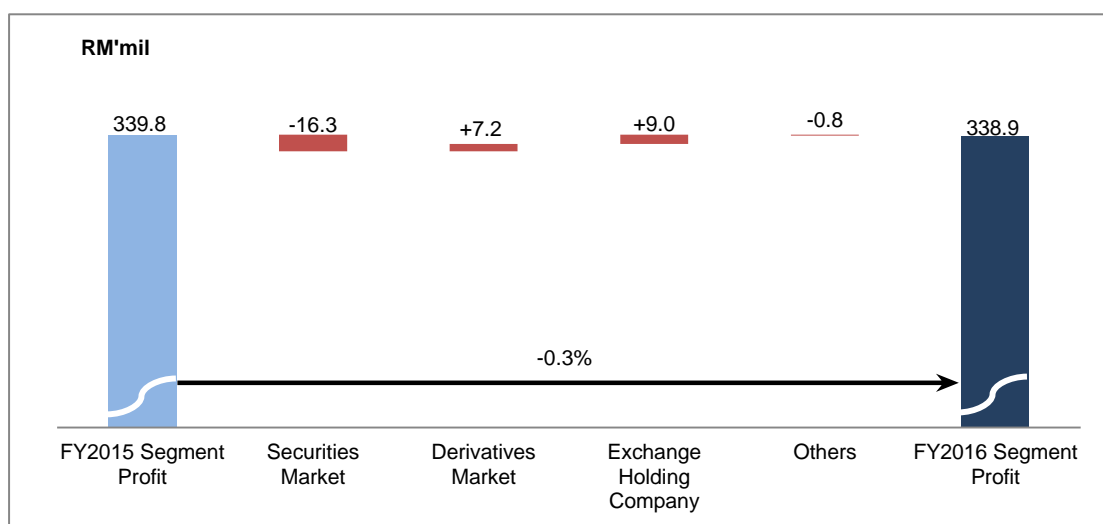
PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

22. OPERATING SEGMENTS REVIEW (CONT'D.)

(b) FY2016 vs. FY2015

PBT for the year ended 31 December 2016 ("FY2016") was RM270.6 million, a decrease of 2.9 per cent from RM278.8 million in the year ended 31 December 2015 ("FY2015"). PBT is made up of segment profits less overheads.

Total segment profit for FY2016 was RM338.9 million, a decrease of 0.3 per cent from RM339.8 million in FY2015. The movements in the segment profits are depicted in the graph below:

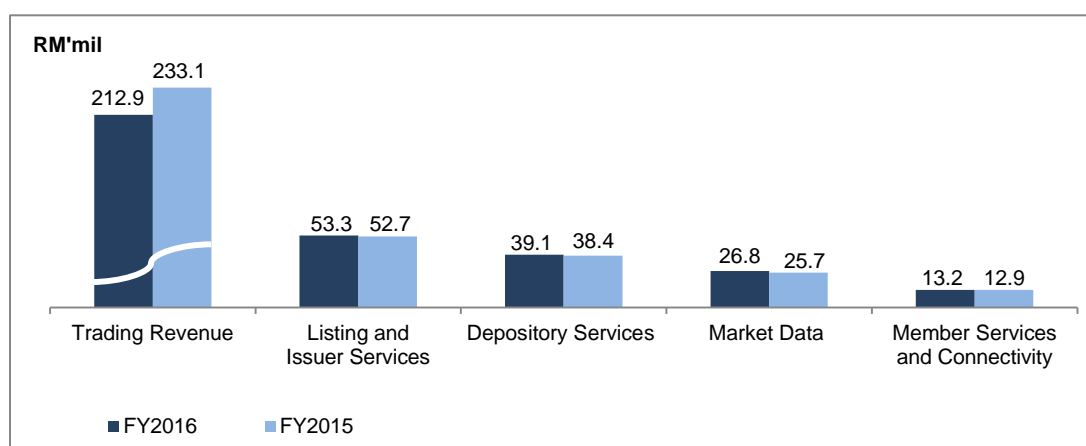


Securities Market

The Securities Market recorded a segment profit of RM269.4 million in FY2016, a decrease of 5.7 per cent from RM285.7 million in FY2015, mainly due to lower trading revenue.

(i) Operating Revenue

The Securities Market operating revenue for FY2016 was RM345.3 million, representing a decrease of 4.8 per cent from RM362.8 million in FY2015. The details by revenue category are shown in the chart below:



**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

22. OPERATING SEGMENTS REVIEW (CONT'D.)

(b) FY2016 vs. FY2015 (Cont'd.)

Securities Market (Cont'd.)

(i) Operating Revenue (Cont'd.)

- > Trading revenue decreased by 8.7 per cent to RM212.9 million in FY2016, with a lower ADV for OMT and DBT of RM1.97 billion compared to RM2.08 billion in FY2015.
- > Market data revenue increased by 4.3 per cent to RM26.8 million in FY2016 as a result of higher number of subscribers.

Key operating drivers in the Securities Market are as follows:

		FY2016	FY2015	%
FBM KLCI	(points)	1,641.73	1,692.51	-3
Average daily trading value (OMT and DBT)	(RM'billion)	1.97	2.08	-5
Average daily trading volume (OMT and DBT)	(billion shares)	1.76	2.04	-14
Effective clearing fee rate	(basis points)	2.33	2.35	-1
Velocity	(per cent)	27	30	-10
Number of IPOs		11	11	-
Number of new structured warrant listings		731	644	14
Total funds raised:				
- IPOs	(RM'billion)	0.65	4.14	-84
- Secondary issues	(RM'billion)	12.18	17.10	-29
Market capitalisation at end of year	(RM'billion)	1,667.37	1,695.15	-2

(ii) Operating Expenses

Segment expenses decreased by 0.8 per cent to RM89.0 million in FY2016 mainly due to adjustments to staff costs.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

22. OPERATING SEGMENTS REVIEW (CONT'D.)

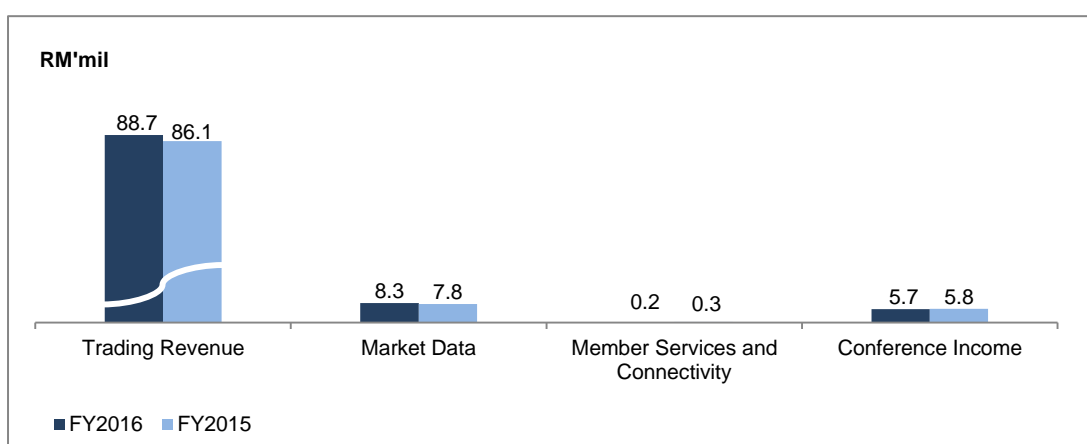
(b) FY2016 vs. FY2015 (Cont'd.)

Derivatives Market

The Derivatives Market recorded a segment profit of RM58.4 million in FY2016, an increase of 14.0 per cent compared to RM51.2 million in FY2015.

(i) Operating Revenue

The Derivatives Market operating revenue for FY2016 was at RM102.9 million, representing an increase of 2.9 per cent compared to RM100.0 million in FY2015. The increase mainly arose from trading revenue, as shown in the chart below:



- > Trading revenue increased by 3.0 per cent to RM88.7 million in FY2016 as a result of higher number of contracts traded. 14.23 million contracts were traded in FY2016 compared to 14.06 million contracts in FY2015.
- > Market data revenue increased by 6.4 per cent to RM8.3 million in FY2016 mainly attributable to higher number of subscribers.

Key operating drivers in the Derivatives Market are as follows:

		FY2016	FY2015	%
FCPO contracts	(million)	11.42	10.99	4
FKLI contracts	(million)	2.75	3.02	-9
Other contracts	(million)	0.06	0.05	20
Total	(million)	14.23	14.06	1
Average daily number of contracts traded		57,829	57,157	1
Average number of open interest position		267,345	233,191	15

(ii) Operating Expenses

Segment expenses decreased by 7.8 per cent to RM47.0 million in FY2016 mainly due to lower staff costs.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

22. OPERATING SEGMENTS REVIEW (CONT'D.)

(b) FY2016 vs. FY2015 (Cont'd.)

Exchange Holding Company

The Exchange Holding Company recorded a segment profit of RM0.1 million in FY2016 from a segment loss of RM8.9 million in FY2015 as a result of higher investment income earned and adjustments to staff costs.

Others

This segment is made up of BSAS business, bonds trading and offshore exchange. The segment profit decreased by 7.2 per cent to RM10.9 million in FY2016 mainly due to lower revenue earned from BSAS.

Overheads

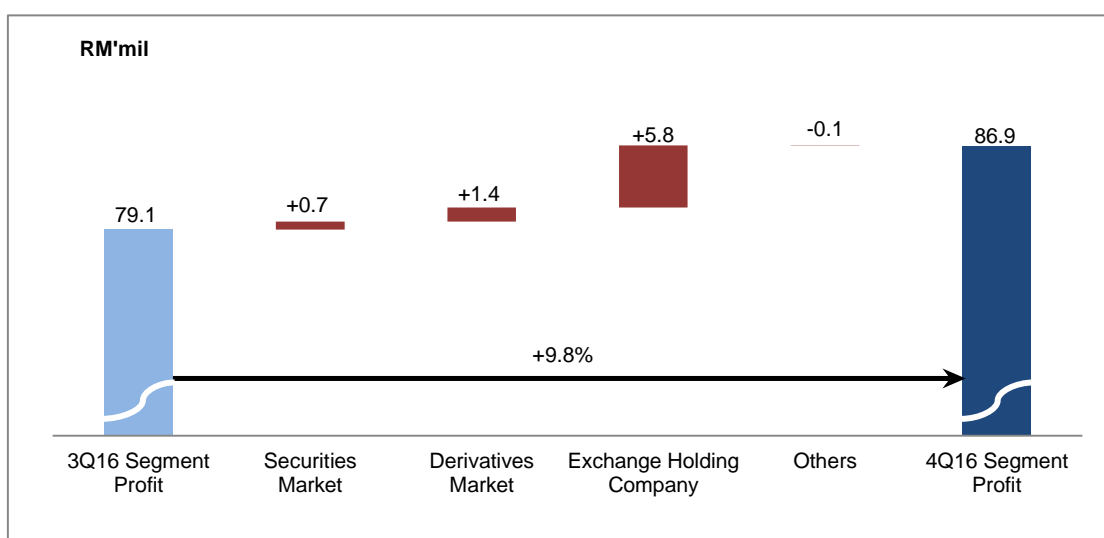
Overheads increased by 11.9 per cent to RM68.4 million in FY2016 mainly due to higher professional fees incurred.

PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

23. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

PBT for 4Q16 was RM69.0 million, an increase of 11.9 per cent from RM61.6 million in the quarter ended 30 September 2016 ("3Q16"). PBT is made up of segment profits less overheads.

Total segment profit for 4Q16 was RM86.9 million, an increase of 9.8 per cent from RM79.1 million in 3Q16. The quarter on quarter movements in the segment profits are depicted in the graph below:

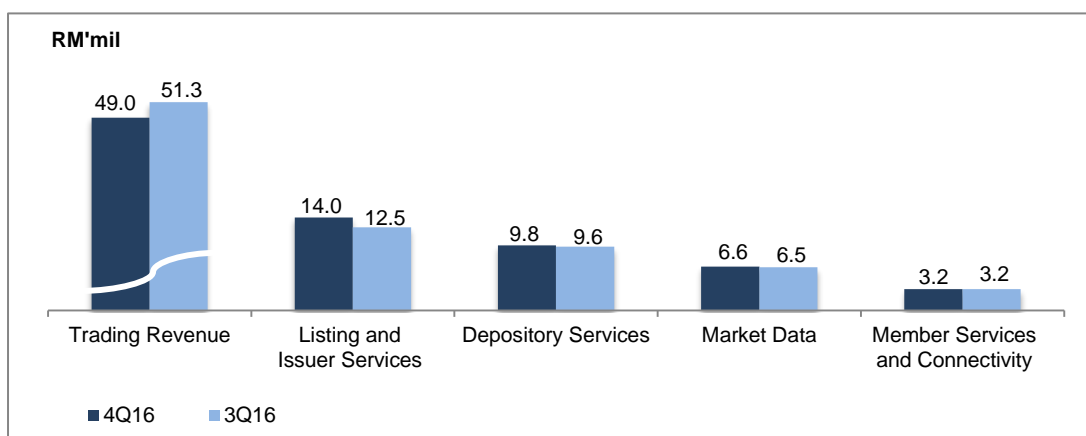


Securities Market

The Securities Market recorded a segment profit of RM65.0 million in 4Q16, an increased of 1.2 per cent from RM64.3 million in 3Q16.

(i) Operating Revenue

The Securities Market operating revenue for 4Q16 was RM82.6 million, representing a decrease of 0.6 per cent compared to RM83.1 million in 3Q16. The details by revenue category are shown in the chart below:



**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

23. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (CONT'D.)

Securities Market (Cont'd.)

(i) Operating Revenue (Cont'd.)

- > Trading revenue decreased by 4.5 per cent to RM49.0 million in 4Q16. Despite recording a higher ADV for OMT and DBT in 4Q16, effective clearing fee rate was lower at 2.22 basis points compared to 2.38 basis points in 3Q16.
- > Listing and issuer services revenue increased by 12.0 per cent to RM14.0 million in 4Q16, mainly due to the higher initial and additional listing fees and perusal and processing fees earned in 4Q16.

Key operating drivers in the Securities Market are as follows:

		4Q16	3Q16	%
FBM KLCI	(points)	1,641.73	1,652.55	-1
Average daily trading value (OMT and DBT)	(RM'billion)	1.93	1.88	3
Average daily trading volume (OMT and DBT)	(billion shares)	1.54	1.87	-18
Effective clearing fee rate	(basis points)	2.22	2.38	-7
Velocity	(per cent)	25	26	-4
Number of IPOs		4	2	100
Number of new structured warrant listings		259	156	66
Total funds raised:				
- IPOs	(RM'billion)	0.16	0.08	100
- Secondary issues	(RM'billion)	4.62	0.56	725
Market capitalisation at end of period	(RM'billion)	1,667.37	1,686.16	-1

(ii) Operating Expenses

Segment expenses decreased by 6.1 per cent to RM20.7 million in 4Q16 mainly due to adjustments to staff costs.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

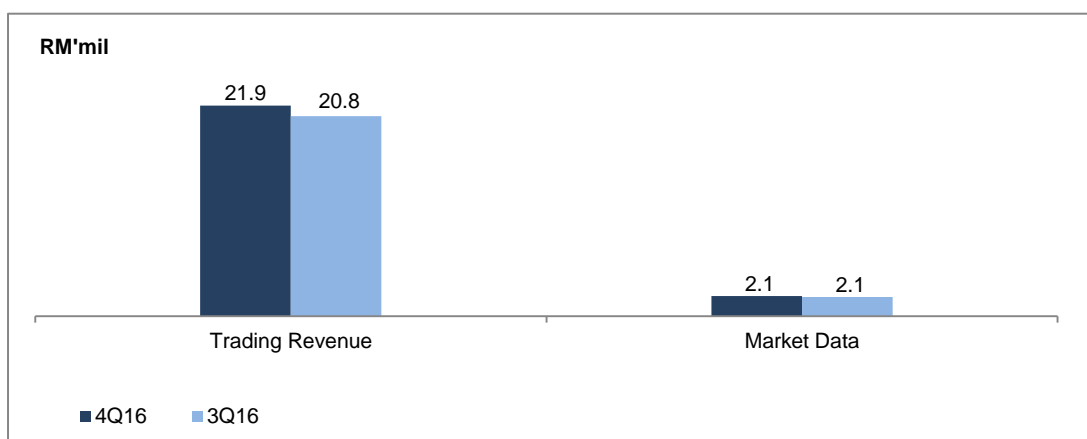
23. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER (CONT'D.)

Derivatives Market

The Derivatives Market recorded a segment profit of RM14.3 million for 4Q16, an increase of 10.1 per cent from RM12.9 million in 3Q16 due to higher operating revenue.

(i) Operating Revenue

The Derivatives Market operating revenue for 4Q16 was RM24.0 million, representing an increase of 5.2 per cent from RM22.9 million in 3Q16. The increase mainly arose from trading revenue, as shown in the chart below:



- > Trading revenue increased by 5.3 per cent to RM21.9 million in 4Q16 as a result of higher guarantee and collateral management fees.

Key operating drivers in the Derivatives Market are as follows:

		4Q16	3Q16	%
FCPO contracts	(million)	2.76	2.82	-2
FKLI contracts	(million)	0.66	0.61	8
Other contracts	(million)	0.01	0.01	-
Total	(million)	3.43	3.44	0
Average daily number of contracts traded		55,289	56,459	-2
Average number of open interest position		240,069	259,266	-7

(ii) Operating Expenses

Segment expenses were fairly stable at RM10.4 million in 4Q16 and 3Q16.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**23. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER
COMPARED WITH PRECEDING QUARTER (CONT'D.)**

Exchange Holding Company

The Exchange Holding Company recorded a segment profit of RM5.3 million in 4Q16 from a segment loss of RM0.5 million in 3Q16 mainly due to adjustments to staff costs. Higher investment income earned in 4Q16 also contributed to the increase in segment profit.

Others

This segment is made up of BSAS business, bonds trading and offshore exchange. The segment profit was fairly stable at RM2.4 million in 4Q16 and 3Q16.

Overheads

Overheads increased marginally by 2.4 per cent to RM17.9 million in 4Q16 compared to RM17.5 million in 3Q16.

24. COMMENTARY ON PROSPECTS AND TARGETS

Global economic conditions are expected to remain challenging in 2017, given the uncertainty over the pace of recovery in major global economies. The International Monetary Fund, in its January 2017 report, is projecting a global growth of 3.4%, and the World Bank has projected a 2.7% growth in 2017 from an estimated 2.3% in 2016. The World Bank expects Malaysia to grow by 4.3% in 2017, which is marginally higher than the estimated growth of 4.2% in 2016.

The Securities Market performance is very much influenced by local and global events. Nonetheless, domestic institutions are expected to continue to provide the liquidity support to the equity market given Malaysia's resilient and strong economic fundamentals. The Derivatives Market activities, on the other hand, is expected to be influenced by the volatility in commodity prices and the FBM KLCI. On the Islamic Capital Market front, transactions on Bursa Suq Al-Sila' ("BSAS") are expected to be sustained with the continuous demand for Murabaha contracts to aid liquidity management. Bursa Malaysia-i, the world's first fully integrated Islamic securities exchange platform, is expected to further attract a wider pool of both domestic and foreign investors.

Notwithstanding the challenges ahead, the Exchange remains committed and shall continue with its initiatives in ensuring that the Malaysian equity and derivatives markets continue to be sustainable and vibrant.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

25. INCOME TAX EXPENSE

RM'000	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Income tax				
- Current provision	18,236	19,640	70,766	75,867
- Overprovision of tax in prior year	-	-	(198)	(281)
	18,236	19,640	70,568	75,586
Deferred tax				
- Relating to origination and reversal of temporary differences	(1,668)	(2,539)	(2,580)	(3,587)
- Relating to reduction in Malaysian income tax rate	-	823	-	823
- Overprovision of tax in prior year	-	-	(59)	(501)
	(1,668)	(1,716)	(2,639)	(3,265)
Total income tax expense	16,568	17,924	67,929	72,321

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the period.

The effective tax rates of the Group for the current and previous corresponding periods were higher than the statutory tax rate of the respective periods principally due to certain expenses which were not deductible for tax purposes.

26. RETAINED EARNINGS

RM'000	As at	As at
	31.12.2016	31.12.2015
Realised	345,279	332,389
Unrealised	2,238	1,018
	347,517	333,407
Consolidation adjustments	(23,608)	(14,582)
Total retained earnings	323,909	318,825

27. CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the reporting date.

28. BORROWINGS AND DEBT SECURITIES

As at the reporting date, there were no short-term borrowings and the Group has not issued any debt securities.

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

29. CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group as at the reporting date.

30. PROPOSED DIVIDENDS

At the forthcoming Annual General Meeting, a final dividend under the single-tier system in respect of the financial year ended 31 December 2016 of 17.0 sen per share on 536,272,000 ordinary shares, amounting to a dividend payable of approximately RM91,166,000 will be proposed for shareholders' approval.

31. EARNINGS PER SHARE (EPS)

(a) Basic EPS

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit attributable to the owners of the Company (RM'000)	50,167	50,603	193,621	198,613
Weighted average number of ordinary shares in issue ('000)	536,272	534,614	535,550	534,105
Basic EPS (sen)	9.4	9.5	36.2	37.2

(b) Diluted EPS

	3 months ended		12 months ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Profit attributable to owners of the Company (RM'000)	50,167	50,603	193,621	198,613
Weighted average number of ordinary shares in issue ('000)	536,272	534,614	535,550	534,105
Effect of dilution ('000)	2,349	2,784	2,509	2,588
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	538,621	537,398	538,059	536,693
Diluted EPS (sen)	9.3	9.4	36.0	37.0

**PART B: EXPLANATORY NOTES PURSUANT TO MAIN MARKET
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

32. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the financial year ended 31 December 2015 were unmodified.

33. REVIEW BY EXTERNAL AUDITORS

The Board of Directors ("Board") had engaged the external auditors to review and report on the condensed consolidated financial statements of Bursa Malaysia Berhad for each of the four quarters ended 31 March 2016, 30 June 2016, 30 September 2016 and 31 December 2016, in accordance with the International Standard on Review Engagements 2410, "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*".

The external auditors reported to the Board that nothing had come to their attention to cause them to believe that the said condensed consolidated financial statements were not prepared, in all material respects, in accordance with MFRS 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting*. The report was made to the Board in accordance to the terms of reference with the external auditors and for no other purpose.

34. AUTHORISED FOR ISSUE

The condensed consolidated financial statements were authorised for issue by the Board in accordance with a resolution of the Directors on 3 February 2017.