



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

**Directors' Report and Audited Financial Statements**  
**31 December 2016**

**30632-P**

**Bursa Malaysia Berhad  
(Incorporated in Malaysia)**

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**Bursa Malaysia Berhad  
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**Directors' report**

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

**Principal activities**

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

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

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

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	<u>202,661</u>	<u>172,040</u>
Profit attributable to:		
Owners of the Company	193,621	172,040
Non-controlling interest	9,040	-
	<u>202,661</u>	<u>172,040</u>

There were no material transfers to or from reserves or provisions during the financial year, other than as disclosed in the statements of changes in equity and Note 2.2 to the financial statements.

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

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**Dividends**

The amount of dividends paid by the Company since 31 December 2015 were as follows:

	<b>RM'000</b>
In respect of the financial year ended 31 December 2015, as reported in the Directors' report of that year:	
Final dividend under the single-tier system of 18.0 sen per share, on 534,864,000 ordinary shares, approved on 31 March 2016 and paid on 18 April 2016	96,276
In respect of the financial year ended 31 December 2016:	
Interim dividend under the single-tier system of 17.0 sen per share, on 536,272,000 ordinary shares, declared on 25 July 2016 and paid on 19 August 2016	91,166
Total dividends paid since 31 December 2015	<u>187,442</u>

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. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

**Directors**

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

Tan Sri Amirsham bin A Aziz	
Datuk Seri Tajuddin bin Atan	
Dato' Saiful Bahri bin Zainuddin	
Datuk Karownikaran @ Karunikaran a/l Ramasamy	
Datuk Chay Wai Leong	
Ghazali bin Hj Darman	
Dato' Zuraidah binti Atan	
Pushpanathan a/l S.A. Kanagarayar	
Dato' Eshah binti Meor Suleiman	
Datuk Dr. Md Tap bin Salleh	(retired on 31 March 2016)
Johari bin Abdul Muid	(appointed on 1 April 2016)

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**Directors' benefits**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares awarded under the Share Grant Plan ("SGP").

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

**Directors' interests**

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

	<b>Number of ordinary shares of RM0.50 each Shares vested under the</b>		
	<b>1.1.2016 '000</b>	<b>SGP '000</b>	<b>31.12.2016 '000</b>
<b>Direct interests</b>			
Datuk Seri Tajuddin bin Atan	298	339	637

	<b>Number of ordinary shares of RM0.50 each granted under the SGP</b>			
	<b>1.1.2016 '000</b>	<b>Granted '000</b>	<b>Vested '000</b>	<b>31.12.2016 '000</b>
Datuk Seri Tajuddin bin Atan	218	311	(339)	190

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

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**Issue of shares**

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM267,307,000 to RM268,136,000 by way of the issuance of 1,658,000 ordinary shares of RM0.50 each, pursuant to the Company's SGP.

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

**Share Grant Plan**

The Company's SGP is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 14 April 2011. The SGP was implemented on 18 April 2011 and is made up of two plans - the Restricted Share Plan ("RSP") and the Performance Share Plan ("PSP"). The SGP will be in force for a maximum period of ten years from the date of implementation.

The salient features, terms and details of the SGP are as disclosed in Note 28(b) to the financial statements.

During the financial year, the Company granted 1,317,000 shares under the RSP and 312,000 shares under the PSP to its eligible employees. The details of the shares granted under the SGP and its vesting conditions are disclosed in Note 28(b) to the financial statements.

**Other statutory information**

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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**Other statutory information (cont'd.)**

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

**Subsequent event**

The subsequent event is disclosed in Note 41 to the financial statements.


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**Auditors**

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 February 2017.



Tan Sri Amirsham bin A Aziz



Datuk Seri Tajuddin bin Atan



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**Statement by Directors  
Pursuant to Section 169(15) of the Companies Act, 1965**

We, Tan Sri Amirsham bin A Aziz and Datuk Seri Tajuddin bin Atan, being two of the Directors of Bursa Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 14 to 124 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the year then ended.

The information set out in Note 42 to the financial statements has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 3 February 2017.



Tan Sri Amirsham bin A Aziz



Datuk Seri Tajuddin bin Atan

**Statutory declaration  
Pursuant to Section 169(16) of the Companies Act, 1965**

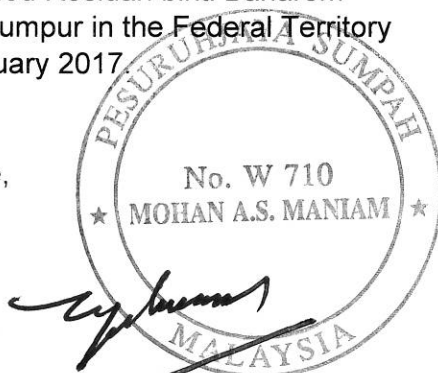
I, Rosidah binti Baharom, being the Officer primarily responsible for the financial management of Bursa Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 14 to 125 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Rosidah binti Baharom at Kuala Lumpur in the Federal Territory on 3 February 2017.



Rosidah binti Baharom

Before me,



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**Independent auditors' report to the members of  
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**Reports on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Bursa Malaysia Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 124.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

*Basis for Opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence and other ethical responsibilities*

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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Independent auditors' report to the members of  
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*Key Audit Matters (contd.)*

We have fulfilled the responsibilities described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Risk	Responses
<p><b>The risk that goodwill may be impaired</b></p> <p>The Group's and Company's goodwill balances as at 31 December 2016 stood at RM42,957,000 and RM29,494,000.</p> <p>On an annual basis, management is required to perform an impairment assessment for goodwill.</p> <p>This assessment is significant to our audit as it involves significant management judgment and is based on assumptions that are affected by expected future market and economic conditions.</p> <p>This risk is also described in Note 2 to the financial statements.</p>	<p><b>Audit procedures over the risk that goodwill may be impaired</b></p> <p>We examined the cash flow forecasts which support management's goodwill impairment assessment. We evaluated the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expenses to approved budgets, considering prior budget accuracy, and comparing expected growth rates to relevant market expectations.</p> <p>We tested the weighted-average cost of capital discount rates assigned to the cash generating units, as well as the long-term growth rate, with reference to our understanding of the business.</p> <p>We performed sensitivity analysis on the key inputs to impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying value.</p> <p>We also reviewed the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive.</p>

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**Independent auditors' report to the members of  
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*Information other than the Financial Statements and Auditors' Report Thereon*

The directors of the Company are responsible for the other information. The other information comprises the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

*Responsibilities of the Directors for the Financial Statements*

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

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

*Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

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*Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)*

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards of auditing in Malaysia and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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**Independent auditors' report to the members of  
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*Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)*

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

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

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

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**Independent auditors' report to the members of  
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**Other reporting responsibilities**

The supplementary information set out in Note 42 on page 125 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**Other matters**

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



Ernst & Young  
AF: 0039  
Chartered Accountants



Dato' Megat Iskandar Shah Bin Mohamad Nor  
No. 3083/07/17(J)  
Chartered Accountant

Kuala Lumpur, Malaysia  
3 February 2017