

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 2014.

Principal activities

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

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

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

Results

	Group RM'000	Company RM'000
Profit for the year	204,022	174,636
Profit attributable to:		
Owners of the Company	198,226	174,636
Non-controlling interest	5,796	-
	204,022	174,636

There were no material transfers to or from reserves or provisions during the financial year, other than those disclosed in the financial statements.

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

Dividends

The amount of dividends paid by the Company since 31 December 2013 were as follows:

	RM'000
In respect of the financial year ended 31 December 2013, as reported in the Directors' report of that year:	
Final dividend under the single-tier system of 16.0 sen per share, on 532,862,000 ordinary shares, declared on 27 March 2014 and paid on 16 April 2014	85,258
In respect of the financial year ended 31 December 2014:	
Interim dividend under the single-tier system of 16.0 sen per share, on 533,520,000 ordinary shares, declared on 17 July 2014 and paid on 14 August 2014	85,363
Special dividend under the single-tier system of 20.0 sen per share, on 533,520,000 ordinary shares, declared on 17 July 2014 and paid on 14 August 2014	106,704
Total dividends paid since 31 December 2013	277,325

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Dividends (cont'd.)

At the forthcoming Annual General Meeting, a final dividend under the single-tier system in respect of the financial year ended 31 December 2014 of 18.0 sen per share on 533,520,000 ordinary shares, amounting to a dividend payable of approximately RM96,034,000 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 2015.

Directors

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

Tun Mohamed Dzaidin bin Haji Abdullah	
Dato' Tajuddin bin Atan	
Datuk Dr. Md Tap bin Salleh	
Dato' Saiful Bahri bin Zainuddin	
Tan Sri Ong Leong Huat @ Wong Joo Hwa	
Datuk Karownakaran @ Karunakaran a/l Ramasamy	
Chay Wai Leong	
Ghazali bin Hj Darman	
Dato' Zuraidah binti Atan	(appointed on 19 February 2014)
Pushpanathan a/l S.A. Kanagarayar	(appointed on 23 June 2014)
Eshah binti Meor Suleiman	(appointed on 1 November 2014)
Tan Sri Datuk Dr. Abdul Samad bin Haji Alias	(retired on 27 March 2014)
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	(retired on 5 August 2014)

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.

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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:

	Number of ordinary shares of RM0.50 each			
	1.1.2014	Shares vested under the SGP	Sold	31.12.2014
	'000	'000	'000	'000
Direct interests				
Tun Mohamed Dzaidin bin Haji Abdullah	90	-	-	90
Dato' Tajuddin bin Atan	507	266	(751)	22

	Number of ordinary shares of RM0.50 each			
	1.1.2014	Purchased	Sold	31.12.2014
	'000	'000	'000	'000
Indirect interest - Child				
Tun Mohamed Dzaidin bin Haji Abdullah	6	-	-	6

	Number of ordinary shares of RM0.50 each granted under the SGP			
	1.1.2014	Granted	Vested	31.12.2014
	'000	'000	'000	'000
Dato' Tajuddin bin Atan	165	342	(266)	241

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.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM266,306,000 to RM266,760,000 by way of the issuance of 908,000 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.

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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 has been 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 1,478,000 shares under the RSP and 450,000 shares under the PSP to its eligible employees. The details of the shares granted under SGP and its vesting conditions are disclosed in Note 28(b) to the financial statements.

Other statutory information

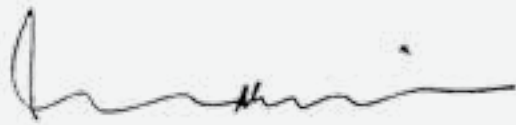
- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (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.

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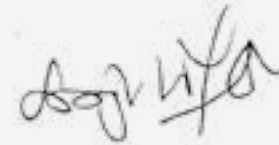
Auditors

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 29 January 2015.



Tun Mohamed Dzaidin bin Haji Abdullah



Dato' Tajuddin bin Atan