

FINANCIAL STATEMENTS

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DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 (CA) to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs), the requirements of the CA in Malaysia, and the Main Market Listing Requirements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the CA.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

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

DIRECTORS' REPORT

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 Karownikaran @ Karunikaran 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.

DIRECTORS' REPORT

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.

DIRECTORS' REPORT

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

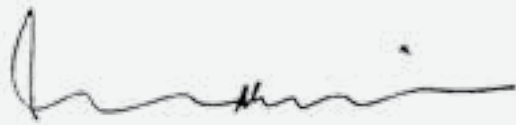
- (a) Before the income statements, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making 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.

DIRECTORS' REPORT

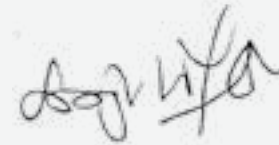
Auditors

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

STATEMENTS BY DIRECTORS

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

We, Tun Mohamed Dzaidin bin Haji Abdullah and Dato' Tajuddin bin Atan, being two of the Directors of Bursa Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 91 to 178 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 2014 and of their financial performance and cash flows for the year then ended.

The information set out in Note 41 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 29 January 2015.

Tun Mohamed Dzaidin bin Haji Abdullah

Dato' 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 91 to 179 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 29 January 2015.

Before me,



Tkt. 20, AmBank Group Building
No. 55, Jalan Raja Chulan
50200 Kuala Lumpur

Rosidah binti Baharom

INDEPENDENT AUDITORS' REPORT

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

Report on the financial statements

We have audited the financial statements of Bursa Malaysia Berhad, which comprise the statements of financial position as at 31 December 2014 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 91 to 178.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International 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 that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2014 and of their financial performance and 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.

Report on other legal and regulatory requirements

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

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

INDEPENDENT AUDITORS' REPORT

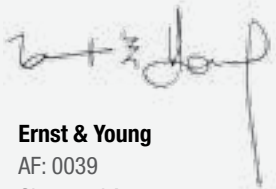
To the Members of Bursa Malaysia Berhad (Incorporated in Malaysia)

Other reporting responsibilities

The supplementary information set out in Note 41 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

Kuala Lumpur, Malaysia
29 January 2015



Chan Hooi Lam
No. 2844/02/16(J)
Chartered Accountant

INCOME STATEMENTS

For the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Operating revenue	3	471,268	439,822	344,541	295,908
Other income	4	32,488	35,172	16,799	21,803
		503,756	474,994	361,340	317,711
Staff costs	5	(127,604)	(119,965)	(117,395)	(109,290)
Depreciation and amortisation	6	(25,287)	(34,964)	(20,627)	(31,175)
Other operating expenses	7	(79,106)	(74,485)	(52,845)	(50,877)
Profit before tax		271,759	245,580	170,473	126,369
Income tax expense	9	(67,737)	(66,195)	4,163	(5,366)
Profit for the year		204,022	179,385	174,636	121,003
Profit attributable to:					
Owners of the Company		198,226	173,075	174,636	121,003
Non-controlling interest		5,796	6,310	-	-
		204,022	179,385	174,636	121,003
Earnings per share attributable to owners of the Company (sen per share):					
Basic	10(a)	37.2	32.5		
Diluted	10(b)	37.0	32.4		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Profit for the year		204,022	179,385	174,636	121,003
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Foreign currency translation		132	112	-	-
Net fair value changes in available-for-sale (AFS) financial assets		19,954	38,171	20,033	38,801
Income tax relating to AFS financial assets	18	42	143	16	69
		20,128	38,426	20,049	38,870
Items that will not be subsequently reclassified to profit or loss:					
Actuarial gains/(losses) on defined benefit obligations	28(a)	1,806	(1,029)	1,806	(1,029)
Income tax relating to actuarial gains and losses on defined benefit obligations	18	(451)	257	(451)	257
		1,355	(772)	1,355	(772)
Total other comprehensive income for the year, net of income tax		21,483	37,654	21,404	38,098
Total comprehensive income for the year		225,505	217,039	196,040	159,101
Total comprehensive income attributable to:					
Owners of the Company		219,709	210,729	196,040	159,101
Non-controlling interest		5,796	6,310	-	-
		225,505	217,039	196,040	159,101

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	197,264	206,356	196,061	203,872
Computer software	13	57,122	61,404	46,134	47,338
Goodwill	14	42,957	42,957	29,494	29,494
Investment in subsidiaries	15	-	-	152,142	152,142
Investment securities	16	188,449	163,495	118,631	98,584
Staff loans receivable	17	5,919	7,122	5,401	6,514
Deferred tax assets	18	3,673	1,648	-	-
		495,384	482,982	547,863	537,944
Current assets					
Trade receivables	19	41,289	32,733	938	1,286
Other receivables	20	17,412	15,794	13,517	11,884
Due from subsidiaries	21	-	-	32,847	30,682
Tax recoverable		2,721	6,612	2,746	6,612
Investment securities	16	41,916	51,183	31,928	36,268
Cash for trading margins, security deposits, Securities Borrowing and Lending (SBL) collaterals and eDividend distributions	22	717,133	735,543	-	-
Cash and bank balances of Clearing Funds	23	126,261	65,374	-	-
Cash and bank balances of the Group/Company	24	214,367	351,442	56,651	144,759
		1,161,099	1,258,681	138,627	231,491
Total assets		1,656,483	1,741,663	686,490	769,435

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Equity and liabilities					
Equity					
Share capital	25	266,760	266,306	266,760	266,306
Share premium		100,064	94,167	100,064	94,167
Other reserves	26	76,658	67,716	41,514	18,551
Retained earnings	27	305,218	382,962	179,461	280,795
Equity attributable to owners of the Company		748,700	811,151	587,799	659,819
Non-controlling interest		14,001	16,330	-	-
Total equity		762,701	827,481	587,799	659,819
Non-current liabilities					
Retirement benefit obligations	28(a)	26,605	28,950	26,605	28,950
Deferred grants	29	5,193	7,768	3,876	4,779
Deferred tax liabilities	18	8,149	12,892	5,261	9,388
		39,947	49,610	35,742	43,117
Current liabilities					
Trade payables	22	715,815	734,318	-	-
Participants' contribution to Clearing Funds	23	36,261	35,374	-	-
Other payables	30	93,532	89,134	62,949	66,499
Tax payable		8,227	5,746	-	-
		853,835	864,572	62,949	66,499
Total liabilities		893,782	914,182	98,691	109,616
Total equity and liabilities		1,656,483	1,741,663	686,490	769,435

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Note	Attributable to owners of the Company											Non-controlling interest (Note a)	Total equity
	Non-distributable							Distributable					
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Foreign currency translation reserve	Share grant reserve	Clearing fund reserves	AFS reserve	Retained earnings	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2014	266,306	94,167	14,100	5,250	72	4,582	30,000	13,712	382,962	811,151	16,330	827,481	
Profit for the year	-	-	-	-	-	-	-	-	198,226	198,226	5,796	204,022	
Other comprehensive income for the year	-	-	-	-	132	-	-	19,996	1,355	21,483	-	21,483	
Total comprehensive income for the year	-	-	-	-	132	-	-	19,996	199,581	219,709	5,796	225,505	
Transactions with owners of the Company:													
Issuance of ordinary shares pursuant to Share Grant Plan (SGP)	25	454	5,897	-	-	-	(6,351)	-	-	-	-	-	
Redemption of preference shares	26(a)	-	-	(14,100)	-	-	-	-	-	(14,100)	-	(14,100)	
SGP expense	5	-	-	-	-	-	9,265	-	-	9,265	-	9,265	
Dividends paid	11	-	-	-	-	-	-	-	(277,325)	(277,325)	-	(277,325)	
Dividends paid to non-controlling interest	15(b)	-	-	-	-	-	-	-	-	-	(8,125)	(8,125)	
Total transactions with owners of the Company		454	5,897	(14,100)	-	-	2,914	-	(277,325)	(282,160)	(8,125)	(290,285)	
At 31 December 2014		266,760	100,064	-	5,250	204	7,496	30,000	33,708	305,218	748,700	14,001	762,701

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Note	Attributable to owners of the Company											Non-controlling interest (Note a)	Total equity
	Non-distributable						Distributable						
	Share capital	Share premium	Capital reserve	Capital redemption reserve	Foreign currency translation reserve	Share grant reserve	Clearing fund reserves	AFS reserve	Retained earnings	Total			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2013	266,012	90,505	13,900	5,250	(40)	2,320	30,000	(24,602)	474,256	857,601	15,770	873,371	
Profit for the year	-	-	-	-	-	-	-	-	173,075	173,075	6,310	179,385	
Other comprehensive income for the year	-	-	-	-	112	-	-	38,314	(772)	37,654	-	37,654	
Total comprehensive income for the year	-	-	-	-	112	-	-	38,314	172,303	210,729	6,310	217,039	
Transactions with owners of the Company:													
Issuance of ordinary shares pursuant to SGP	25	294	3,662	-	-	(3,956)	-	-	-	-	-	-	
Issuance of preference shares by a subsidiary		-	-	200	-	-	-	-	-	200	-	200	
SGP expense	5	-	-	-	-	6,218	-	-	-	6,218	-	6,218	
Dividends paid	11	-	-	-	-	-	-	-	(263,597)	(263,597)	-	(263,597)	
Dividends paid to non-controlling interest	15(b)	-	-	-	-	-	-	-	-	-	(5,750)	(5,750)	
Total transactions with owners of the Company		294	3,662	200	-	2,262	-	-	(263,597)	(257,179)	(5,750)	(262,929)	
At 31 December 2013		266,306	94,167	14,100	5,250	72	4,582	30,000	13,712	382,962	811,151	16,330	827,481

Note a

Included in non-controlling interest of the Group at 1 January 2014 are 85 non-cumulative preference shares of RM1 each in a subsidiary, Bursa Malaysia Derivatives Berhad (Bursa Malaysia Derivatives), for registration as Trading Participants, at a subscription price determined by Bursa Malaysia Derivatives. On 16 April 2014, the revamp of Bursa Malaysia Derivatives' participantship structure was completed and all existing non-cumulative preference shares were cancelled, as disclosed in Note 26(a).

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

Note	Non-distributable			Distributable		Total equity RM'000
	Share capital	Share premium	Share grant reserve	AFS reserve	Retained earnings	
	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2014	266,306	94,167	4,582	13,969	280,795	659,819
Profit for the year	-	-	-	-	174,636	174,636
Other comprehensive income for the year	-	-	-	20,049	1,355	21,404
Total comprehensive income for the year	-	-	-	20,049	175,991	196,040
Transactions with owners of the Company:						
Issuance of ordinary shares pursuant to SGP	25	454	5,897	(6,351)	-	-
SGP expense (Note a)		-	-	9,265	-	9,265
Dividends paid	11	-	-	-	(277,325)	(277,325)
Total transactions with owners of the Company		454	5,897	2,914	(277,325)	(268,060)
At 31 December 2014		266,760	100,064	7,496	34,018	179,461
At 31 December 2013		266,012	90,505	2,320	(24,901)	424,161
Profit for the year		-	-	-	-	121,003
Other comprehensive income for the year		-	-	-	38,870	(772)
Total comprehensive income for the year		-	-	-	38,870	120,231
Transactions with owners of the Company:						
Issuance of ordinary shares pursuant to SGP	25	294	3,662	(3,956)	-	-
SGP expense (Note a)		-	-	6,218	-	6,218
Dividends paid	11	-	-	-	(263,597)	(263,597)
Total transactions with owners of the Company		294	3,662	2,262	(263,597)	(257,379)
At 31 December 2013		266,306	94,167	4,582	13,969	280,795

Note a

SGP expense comprises RM8,622,000 (2013: RM5,807,000) relating to shares granted to the employees of the Company (as disclosed in Note 5) and RM643,000 (2013: RM411,000) relating to shares granted to the employees of Bursa Malaysia Derivatives.

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

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from operating activities					
Profit before tax		271,759	245,580	170,473	126,369
Adjustments for:					
(Accretion of discounts)/amortisation of premiums, net	7	(259)	631	(298)	578
Depreciation and amortisation	6	25,287	34,964	20,627	31,175
Dividend income from investment securities	4	(3,523)	(3,825)	(3,523)	(3,825)
Grant income	4	(2,750)	(2,166)	(1,078)	(1,155)
Gross dividend income from subsidiaries	3	-	-	(195,134)	(142,569)
Interest income	4	(18,827)	(22,133)	(4,894)	(9,798)
Net loss on disposal of investment securities	4	566	130	517	46
Net (reversal of impairment loss)/impairment loss on:					
Amount due from a subsidiary	7	-	-	4	-
Trade and other receivables	7	(673)	23	(27)	(32)
Gain on disposal of motor vehicle	4	(200)	-	(200)	-
Property, plant and equipment and computer software written off	7	5	1,568	5	1,568
Retirement benefit obligations	5	1,414	1,481	1,414	1,481
Provision for/(reversal of) short-term accumulating compensated unutilised leave	5	261	(441)	260	(307)
SGP expense	5	9,265	6,218	8,622	5,807
Unrealised loss/(gain) on foreign exchange differences		115	79	(5)	-
Operating profit/(loss) before working capital changes		282,440	262,109	(3,237)	9,338
Increase in receivables		(11,140)	(3,153)	(2,460)	(1,476)
Increase/(decrease) in payables		4,802	2,459	(2,655)	(965)
Changes in subsidiaries' balances		-	-	(1,526)	13,765
Cash generated from/(used in) operations		276,102	261,415	(9,878)	20,662
Staff loans repaid, net of disbursements		1,466	2,355	1,357	2,286
Retirement benefits paid		(1,774)	(3,583)	(1,774)	(3,583)
Net tax (paid)/refund		(68,542)	(67,863)	3,467	(3,421)
Net cash from/(used in) operating activities		207,252	192,324	(6,828)	15,944

STATEMENTS OF CASH FLOW

For the financial year ended 31 December 2014

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash flows from investing activities					
Interest received		19,496	22,385	5,525	10,629
Dividends received		3,851	2,942	198,985	145,511
Decrease in deposits not for short-term funding requirements		104,834	100,569	56,087	107,015
Proceeds from disposal of investment securities		97,986	81,401	53,312	54,724
Proceeds from disposal of motor vehicle		200	-	200	-
Purchases of investment securities		(94,026)	(79,951)	(49,205)	(47,112)
Purchases of property, plant and equipment and computer software		(12,796)	(40,111)	(12,772)	(39,715)
Net cash from investing activities		119,545	87,235	252,132	231,052
Cash flows from financing activities					
Additional cash resources to Clearing Funds	23	(60,000)	-	-	-
Dividends paid	11	(277,325)	(263,597)	(277,325)	(263,597)
Dividends paid by a subsidiary to non-controlling interest		(8,125)	(5,750)	-	-
Preference share issued by a subsidiary		-	200	-	-
Redemption of preference shares		(13,718)	-	-	-
Net cash used in financing activities		(359,168)	(269,147)	(277,325)	(263,597)
Net (decrease)/increase in cash and cash equivalents		(32,371)	10,412	(32,021)	(16,601)
Effects of exchange rate changes		130	96	-	-
Cash and cash equivalents at beginning of year		246,608	236,100	88,672	105,273
Cash and cash equivalents at end of year	24(ii)	214,367	246,608	56,651	88,672

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

1. Corporate information

The Company is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 15th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur.

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are to operate the Malaysian securities, derivatives and offshore exchanges and the Shari'ah compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. The principal activities of the subsidiaries are disclosed in Note 15.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 29 January 2015.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (MFRSs), International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted Amendments to MFRSs and Issues Committee (IC) Interpretations which are mandatory for the financial periods beginning on or after 1 January 2014 as disclosed in Note 2.2.

The financial statements, other than for financial instruments and retirement benefit obligations, have been prepared on the historical cost basis. Certain financial instruments are carried at fair value in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*, and the retirement benefit obligations include actuarial gains and losses in accordance with MFRS 119 *Employee Benefits*.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000 or '000), except when otherwise indicated.

2.2 Adoption of Amendments to MFRSs and IC Interpretation

The accounting policies adopted by the Group and the Company are consistent with those adopted in the previous year, except as follows:

Amendments to MFRS 10	<i>Consolidated Financial Statements: Investment Entities</i>
Amendments to MFRS 12	<i>Disclosure of Interests in Other Entities: Investment Entities</i>
Amendments to MFRS 127	<i>Separate Financial Statements: Investment Entities</i>
Amendments to MFRS 132	<i>Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities</i>
Amendments to MFRS 136	<i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to MFRS 139	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IC Interpretation 21	<i>Levies</i>

The adoption of the above pronouncements did not have any impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)**2.3 Standards issued but not yet effective**

As at the date of authorisation of these financial statements, the following Standards, Amendments and Annual Improvements have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective and have not been adopted by the Group and the Company:

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119	<i>Defined Benefit Plans: Employee Contributions</i>
Annual improvements to MFRSs 2010 - 2012 Cycle	
Annual improvements to MFRSs 2011 - 2013 Cycle	

Effective for financial periods beginning on or after 1 January 2016

MFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to MFRS 127	<i>Equity Method in Separate Financial Statements</i>
Amendments to MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to MFRS 116 and MFRS 138	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to MFRS 116 and MFRS 141	<i>Agriculture: Bearer Plants</i>
Annual improvements to MFRSs 2012 - 2014 Cycle	

Effective for financial periods beginning on or after 1 January 2017

MFRS 15	<i>Revenue from Contracts with Customers</i>
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Effective for financial periods beginning on or after 1 January 2018

MFRS 9	<i>Financial Instruments (IFRS 9 as issued by International Accounting Standards Board in July 2014)</i>
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The Group and the Company will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group and of the Company upon their initial application, except as described below:

(a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 *Revenue from Contracts with Customers* was issued in September 2014 and establishes a new five-step model that will apply to recognition of revenue arising from contracts with customers. Under this Standard, revenue is 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 principle of this Standard is to provide a more structured approach to measuring and recognising revenue.

This Standard is applicable to all entities and will supersede all current revenue recognition requirements under MFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group and the Company are currently assessing the impact of this Standard and plan to adopt this Standard on the required effective date.

(b) MFRS 9 Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 *Financial Instruments*, replacing MFRS 139. This Standard made changes to the requirements for classification and measurement, impairment, and hedge accounting. The adoption of this Standard will have an effect on the classification and measurement of the Group's and the Company's financial assets, but no impact on the classification and measurement of the Group's and the Company's financial liabilities.

MFRS 9 *Financial Instruments* also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, MFRS 9 *Financial Instruments* aligns hedge accounting more closely with risk management, establishes a more principle-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective (cont'd.)

(b) MFRS 9 *Financial Instruments* (cont'd.)

This Standard will come into effect on or after 1 January 2018 with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company are currently assessing the impact of the adoption of this Standard in relation to the new requirements for classification and measurement and impairment, but the requirements for hedge accounting is not relevant to the Group and the Company.

2.4 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is recognised in profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the financial year end. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same financial year end as the Company. Consistent accounting policies are applied to transactions and events in similar circumstances.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Acquisition of subsidiaries are accounted for using the purchase method except for business combinations arising from common control transfers. Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve or merger deficit. Merger deficit is adjusted against suitable reserves of the entity acquired to the extent that laws or statutes do not prohibit the use of such reserves.

The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities have always been combined since the date the entities had come under common control.

Under the purchase method of accounting, identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the date of acquisition. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income. The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)**2.4 Summary of significant accounting policies (cont'd.)****(a) Subsidiaries and basis of consolidation (cont'd.)****(ii) Basis of consolidation (cont'd.)**

Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill on the statement of financial position. The accounting policy for goodwill is set out in Note 2.4(c)(i). Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

(iii) Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the parent shareholder's equity. Transactions with non-controlling interest are accounted for using the entity concept method, whereby, transactions with non-controlling interests are accounted for as transactions with owners. On acquisition of non-controlling interest, the difference between the consideration and book value of the share of the net assets acquired is recognised directly in equity. Gain or loss on disposal to non-controlling interest is recognised directly in equity.

(b) Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss as incurred.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Projects-in-progress are not depreciated as these assets are not yet available for use. Leasehold lands classified as operating leases are for a period of 99 years as disclosed in Note 32(a). Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and office lots	Fifty years
Renovation	Five years
Office equipment, furniture and fittings	Three to five years
Computers and office automation	Three to ten years
Motor vehicles	Five years

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(b) Property, plant and equipment and depreciation (cont'd.)

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation methods are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(c) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's and the Company's cash-generating units (CGUs) that are expected to benefit from the synergies of the combination.

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

(ii) Computer software

Computer software is initially measured at cost. Following initial recognition, computer software is measured at cost less accumulated amortisation and accumulated impairment losses.

The useful lives of computer software are assessed to be finite. Computer software are amortised over their estimated useful lives of five to ten years and assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful lives or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on computer software with finite lives is recognised in profit or loss.

Projects-in-progress are not amortised as these computer software are not yet available for use.

Gains or losses arising from derecognition of computer software are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(d) Impairment of non-financial assets

The Group and the Company assess at each financial year end whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

For goodwill, computer software and property, plant and equipment that are not yet available for use, the recoverable amount is estimated at each financial year end or more frequently when indicators of impairment are identified.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)**2.4 Summary of significant accounting policies (cont'd.)****(d) Impairment of non-financial assets (cont'd.)**

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e. CGUs). In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its revised recoverable amount. That increase cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(e) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of financial assets upon initial recognition. The categories include financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity (HTM) investments and AFS financial assets.

(i) Financial assets at FVTPL

Financial assets are classified as financial assets at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for the purpose of selling in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives).

Subsequent to initial recognition, financial assets at FVTPL are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at FVTPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVTPL are recognised separately in profit or loss as part of other income or other losses.

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current, whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(e) Financial assets (cont'd.)

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the loans and receivables are impaired or derecognised.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the financial year end; these are classified as non-current.

(iii) HTM investments

Financial assets with fixed or determinable payments and fixed maturity are classified as HTM when the Group and the Company have the positive intention and ability to hold the investments to maturity.

Subsequent to initial recognition, HTM investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process and when the HTM investments are impaired or derecognised.

HTM investments are classified as non-current assets, except for those having maturity within 12 months after the financial year end; these are classified as current.

(iv) AFS financial assets

AFS financial assets are financial assets that are designated as such or are not classified in any of the three preceding categories.

After initial recognition, AFS financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an AFS equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

AFS financial assets which are not expected to be realised within 12 months after the financial year end are classified as non-current assets.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the settlement date, i.e. the date that the asset is delivered to or by the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)**2.4 Summary of significant accounting policies (cont'd.)****(f) Impairment of financial assets**

The Group and the Company assess at each financial year end whether there is any objective evidence that a financial asset is impaired.

(i) Loans and receivables and HTM investments

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor, default or significant delay in payments, and delinquency in interest or principal payments and other financial reorganisation where observable data indicate that there is a measurable decrease in the estimated future cash flows.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, and staff loan receivables, where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable or staff loan receivable becomes uncollectible, it is written off against the allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) AFS financial assets

To determine whether there is objective evidence that investment securities classified as AFS financial assets are impaired, the Group and the Company consider factors such as significant and/or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market.

If an AFS financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation or accretion) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on AFS equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For AFS debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(g) Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, and short-term deposits used by the Group and the Company in the management of their short-term funding requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(h) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This includes derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company do not have any financial liabilities at FVTPL at the current and previous financial year ends.

(ii) Other financial liabilities

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished.

When an existing financial liability is replaced by another instrument from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)**2.4 Summary of significant accounting policies (cont'd.)****(i) Fair value measurement (cont'd.)**

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the financial year end.

(j) Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each financial year end and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(k) Deferred grants

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions will be met. Where the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is recognised in the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by its related depreciation or amortisation charges.

(l) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(m) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(i) Trade fees

Trade fees on securities traded on the securities exchange are recognised on a trade date basis. Trade fees on derivatives contracts are recognised net of rebates on a trade date basis. Trade fees on commodities are recognised on a trade date basis net of amount payable to commodities suppliers and brokers, whenever applicable.

(ii) Clearing fees

Fees for clearing and settlement between clearing participants for trades in securities transacted on the securities exchange are recognised net of Securities Commission levy when services are rendered. Clearing fees on derivative contracts are recognised net of rebates on the clearing date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(m) Revenue recognition (cont'd.)

(iii) Other securities trading revenue

Other securities trading revenue mainly comprise institutional settlement services fees (ISS). ISS fees from the securities exchange are recognised in full when services are rendered.

(iv) Other derivatives trading revenue

Other derivatives trading revenue mainly comprise collateral management services fee, guarantee and tender fees. Collateral management services fee is recognised on an accrual basis. Guarantee fees are recognised on a daily basis on day end margin requirements for open contracts. Tender fees are recognised on per contract tendered.

(v) Listing and issuer services

Listing and issuer services revenue comprise:

(a) Listing fees

Initial listing fees for Initial Public Offering exercises are recognised upon the listing of an applicant. Annual listing fees are recognised on an accrual basis. Additional listing fees are recognised upon the listing of new securities issued by applicants.

(b) Perusal and processing fees

Perusal fees for circulars or notices issued are recognised when the services are rendered. Processing fees for corporate related exercises on securities traded on the securities exchange are recognised when the related services are rendered.

(vi) Depository services

Fees from depository services are recognised when the services are rendered.

(vii) Market data

Fees from sale of information are recognised when the services are rendered.

(viii) Member services and connectivity

Member services and connectivity mainly comprise:

(a) Access fees

Access fees are recognised over the period that the access to the required services are provided.

(b) Participants' fees

Initial application fees are recognised upon registration or admission into the securities or derivatives exchange. Annual subscription fees are recognised on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)**2.4 Summary of significant accounting policies (cont'd.)****(m) Revenue recognition (cont'd.)****(viii) Member services and connectivity (cont'd.)****(c) Broker services**

Fees from broker services are recognised when the services are rendered.

(ix) Other operating revenue

Other operating revenue represents conference fees and exhibition related income and are recognised when the events are held.

(x) Other income

- Accretion of discounts and amortisation of premiums on investments are recognised on an effective yield basis.
- Dividend income is recognised when the right to receive payment is established.
- Interest income is recognised on an accrual basis that reflects the effective yield of the asset.
- Management fees are recognised when services are rendered.
- Rental income from the letting of office space and equipment is recognised on a straight-line basis over the term of the rental agreement.

(n) Employee benefits**(i) Short-term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short-term accumulating compensated absences such as paid annual leave are recognised as a liability when they accrue to the employees. The estimated liability for paid annual leave is recognised for services rendered by employees up to the reporting date. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group and the Company pay fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the period in which the related service is performed. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund (EPF).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(n) Employee benefits (cont'd.)

(iii) Defined benefit plan

The Group and the Company operate a funded, defined benefit retirement scheme (the Scheme) for its eligible employees. The Scheme was closed to new entrants effective 1 September 2003.

The Group and the Company's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by an independent actuary, through which the amount of benefit that employees have earned in return for their services up to 1 September 2003 is estimated.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligation at each financial year end less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds in which the benefits will be paid, and that have terms to maturity approximating to the terms of the pension obligation.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Net interest is recognised in profit or loss. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

(iv) Share-based compensation

The Company's SGP (implemented on 18 April 2011), an equity-settled, share-based compensation plan, allows eligible employees of the Group to be entitled for ordinary shares of the Company. The total fair value of shares granted to employees are recognised as an employee cost with a corresponding increase in the share grant reserve within equity over the vesting period while taking into account the probability that the shares will vest. The fair value of shares are measured at grant date, taking into account, if any, the market vesting conditions upon which the shares were granted but excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions in respect of the number of shares that are expected to be granted on vesting date.

At each financial year end, the Group and the Company revise its estimate of the number of shares that are expected to be granted on vesting date. It recognises the impact of revision of original estimates, if any, in profit or loss, and a corresponding adjustment to equity over the remaining vesting period. The equity amount is recognised in the share grant reserve.

(v) Separation benefits

Separation benefits are payable when employment ceases before the normal retirement date or expiry of employment contract date. The Group and the Company recognise separation benefits as a liability and an expense when it is demonstrably committed to cease the employment of current employees according to a detailed plan without possibility of withdrawal. Benefits falling due more than 12 months after the financial year end are discounted to present value.

(o) Leases

(i) The Group and the Company as lessee

Finance leases which transfer to the Group and the Company substantially all the risks and rewards incidental to ownership of the leased items, are capitalised at the inception of the leases at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments.

All of the Group and the Company's leases are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)**2.4 Summary of significant accounting policies (cont'd.)****(o) Leases (cont'd.)****(ii) The Group and the Company as lessor**

Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.4(m)(x).

(p) Borrowing costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

(q) Income taxes**(i) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the financial year end.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the financial year end between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except for the deferred tax liability that arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised except where the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets are reviewed at each financial year end and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised.

Unrecognised deferred tax assets are reassessed at each financial year end and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the financial year end.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies (cont'd.)

(q) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(r) Foreign currency

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in foreign currencies are measured in the respective functional currencies at the exchange rates approximating those ruling at the transaction dates. At each financial year end, monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the financial year end. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising from the settlement of monetary items, or on translating monetary items at the financial year end are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are not included in profit or loss for the period until their impairment or disposal.

(iii) Malaysian subsidiary with foreign currency as its functional currency

The results and financial position of a subsidiary that has a functional currency different from the presentation currency of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the financial year end;
- Income and expenses for each statement of comprehensive income or separate income statement presented are translated at average monthly exchange rates, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised directly in other comprehensive income. On disposal of a subsidiary with foreign currency as its functional currency, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular subsidiary is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)**2.4 Summary of significant accounting policies (cont'd.)****(s) Contingencies**

A contingent liability or asset is a possible obligation or benefit that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company in the current and previous financial year ends.

2.5 Significant accounting judgements and estimates**Key sources of estimation uncertainty**

The preparation of financial statements in accordance with MFRSs requires the use of certain accounting estimates and exercise of judgement. Estimates and judgements are continually evaluated and are based on past experience, reasonable expectations of future events and other factors.

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(a) Impairment of computer hardware and software

The Group and the Company review its computer hardware and software at each financial year end to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss. The Group and the Company carried out the impairment test based on a variety of estimation including the value-in-use of the CGUs to which the computer hardware and software are allocated to. Estimating the value-in-use requires the Group and the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of computer hardware and software as at the financial year end are disclosed in Notes 12 and 13 respectively.

(b) Impairment of goodwill

The Group and the Company determine whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the CGUs to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the financial year end is disclosed in Note 14.

(c) Impairment of investment securities

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

The impairment review comprises the following judgement made by management:

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

2. Significant accounting policies (cont'd.)

2.5 Significant accounting judgements and estimates (cont'd.)

Key sources of estimation uncertainty (cont'd.)

(d) Depreciation/amortisation of system hardware and software

The cost of system hardware and software is depreciated and amortised on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these assets to be between three to ten years. Technological advancements could impact the useful lives and the residual values of these assets, therefore future depreciation and amortisation charges could be revised. The total carrying amounts of computer hardware and software as at the financial year end are disclosed in Notes 12 and 13 respectively.

(e) Deferred tax assets

Deferred tax assets are recognised for all unutilised tax losses and unused capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amounts of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The unutilised tax losses of the Group as at the financial year end are disclosed in Note 18.

(f) Defined benefit plan

The cost of the defined benefit plan and the present value of the defined benefit obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rate of salary increases and mortality rates. All assumptions are reviewed at each financial year end.

In determining the appropriate discount rate, the valuation is based on market yield of high quality corporate bonds with AA rating and above with terms similar to the terms of the liabilities.

(g) Share grant plan

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the dates which they are granted. In estimating the fair value of the share-based payment transactions, it requires the determination of the appropriate valuation model and the inputs (for example, expected volatility of the share price and/or dividend yield) to the valuation model. The key assumptions are disclosed in Note 28(b).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

3. Operating revenue

	Group	
	2014	2013
	RM'000	RM'000
Securities clearing fees ¹	193,693	175,530
Securities trade fees	25,250	23,647
Other securities revenue	20,173	18,124
Securities trading revenue	239,116	217,301
Derivatives clearing fees	16,366	14,552
Derivatives trade fees	43,375	41,047
Other derivatives revenue	10,862	14,651
Derivatives trading revenue	70,603	70,250
Bursa Suq Al-Sila trading revenue	9,962	5,790
Listing and issuer services	55,931	51,305
Depository services	35,368	37,061
Market data	31,300	26,035
Member services and connectivity	22,654	26,467
Other operating revenue	6,334	5,613
Total operating revenue	471,268	439,822

¹ Securities clearing fees of the Group are stated net of the amount payable to the Securities Commission of RM51,794,000 (2013: RM45,473,000).

	Company	
	2014	2013
	RM'000	RM'000
Broker services	6,906	10,191
Income from subsidiaries:		
Dividend income	195,134	142,569
Management fees	125,855	114,197
Office space rental income	4,607	5,042
Lease rental income	11,880	23,909
Other operating revenue	159	-
Total operating revenue	344,541	295,908

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

4. Other income

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Interest income from:				
Deposits with financial institutions	12,938	16,027	2,811	7,102
Investment securities	5,576	5,713	1,819	2,373
Others	313	393	264	323
Net loss on disposal of investment securities	(566)	(130)	(517)	(46)
Gain on disposal of motor vehicle	200	-	200	-
Rental income	6,658	6,593	6,658	6,593
Dividend income	3,523	3,825	3,523	3,825
Grant income (Note 29)	2,750	2,166	1,078	1,155
Miscellaneous income	1,096	585	963	478
	32,488	35,172	16,799	21,803

5. Staff costs

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Wages and salaries	74,344	68,399	67,730	62,123
Bonus	20,303	23,011	18,577	20,345
Social security contributions	355	343	335	323
Contributions to a defined contribution plan - EPF	14,116	13,524	13,277	12,623
Provision for/(reversal of) short-term accumulating compensated unutilised leave	261	(441)	260	(307)
Retirement benefit obligations (Note 28(a))	1,414	1,481	1,414	1,481
SGP expense	9,265	6,218	8,622	5,807
Other benefits	7,546	7,430	7,180	6,895
	127,604	119,965	117,395	109,290

Included in staff costs of the Group and of the Company is the Executive Director's remuneration of RM5,691,000 (2013: RM5,613,000), as further disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

6. Depreciation and amortisation

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Depreciation of property, plant and equipment (Note 12)	12,928	14,677	11,628	13,492
Amortisation of computer software (Note 13)	12,359	20,287	8,999	17,683
	25,287	34,964	20,627	31,175

7. Other operating expenses

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Administrative expenses	5,507	5,571	5,253	5,298
(Accretion of discounts)/amortisation of premiums, net	(259)	631	(298)	578
Auditors' remuneration:				
Statutory audit	295	295	68	68
Tax and assurance related ¹	170	171	98	99
Other non-audit services	112	42	112	28
Building management costs:				
Office rental	76	83	76	83
Upkeep and maintenance	11,116	10,576	11,116	10,576
Central Depository System (CDS) consumables	3,762	3,758	3,762	3,758
Commitment fees	-	96	-	-
Net (reversal of impairment loss)/impairment loss on:				
Amount due from a subsidiary	-	-	4	-
Trade and other receivables	(673)	23	(27)	(32)
Marketing and development expenses	10,750	8,344	5,262	3,148
Net loss/(gain) on foreign exchange differences	209	(98)	113	28
Operating lease payments (Note 32(a))	539	539	539	539
Professional fees	680	1,032	624	949
Property, plant and equipment and computer software written off	5	1,568	5	1,568
Rental of equipment	209	169	200	162
Technology charges:				
Information technology maintenance	18,848	17,836	16,256	15,378
Service fees	18,356	15,781	1,131	1,385
Others ²	9,404	8,068	8,551	7,264
	79,106	74,485	52,845	50,877

¹ Tax and assurance related services provided by the auditors are in respect of tax compliance, quarterly limited reviews, annual review of the statement on internal control and risk management, and scrutineer fees for the Company's Annual General Meeting.

² Others include Non-Executive Directors' remuneration as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

8. Directors' remuneration

	Group and Company	
	2014 RM'000	2013 RM'000
Executive Director's remuneration (Note 5):		
Salaries and other emoluments	5,273	5,195
Defined contribution plan - EPF	418	418
	5,691	5,613
Estimated monetary value of benefits-in-kind	35	32
	5,726	5,645
Non-executive Directors' remuneration:		
Fees	990	608
Other emoluments	1,526	1,333
	2,516	1,941
Estimated monetary value of benefits-in-kind	35	32
	2,551	1,973
Total Directors' remuneration	8,277	7,618
Total Directors' remuneration excluding benefits-in-kind	8,207	7,554
Estimated monetary value of benefits-in-kind	70	64
Total Directors' remuneration including benefits-in-kind	8,277	7,618

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

8. Directors' remuneration (cont'd.)

	2014		2013	
	Directors' fees RM'000	Other allowances'/ salaries RM'000	Directors' fees RM'000	Other allowances'/ salaries RM'000
Tun Mohamed Dzaidin bin Haji Abdullah	150	813	90	737
Dato' Tajuddin bin Atan	-	5,726	-	5,645
Datuk Dr. Md Tap bin Salleh	100	117	60	88
Dato' Saiful Bahri bin Zainuddin	100	89	60	88
Tan Sri Ong Leong Huat @ Wong Joo Hwa	100	70	60	53
Datuk Karownikaran @ Karunikaran a/l Ramasamy	100	109	46	47
Chay Wai Leong	100	76	46	41
Ghazali Bin Hj Darman	100	82	46	58
Dato' Zuraidah binti Atan	87	49	-	-
Pushpanathan a/l S.A. Kanagarayar	53	43	-	-
Eshah binti Meor Suleiman	17	14	-	-
Tan Sri Datuk Dr. Abdul Samad bin Haji Alias	24	39	60	64
Datuk Dr. Syed Muhamad bin Syed Abdul Kadir	59	60	60	90
Dato' Wong Puan Wah @ Wong Sulong	-	-	14	14
Izham bin Yusoff	-	-	14	16
Dato' Dr. Thillainathan a/l Ramasamy	-	-	14	14
Cheah Tek Kuang	-	-	14	25
Datuk Puteh Rukiah binti Abd Majid	-	-	24	30
	990	7,287	608	7,010

¹ Other allowances comprise the Chairman's allowance and meeting allowances which vary from one Director to another, depending on the number of committees they sit on and the number of meetings attended.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

9. Income tax expense

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Income tax:				
Current year provision	74,844	68,602	327	1,810
Under/(over) provision of tax in prior years	70	(7,434)	72	(2,132)
	74,914	61,168	399	(322)
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(5,258)	(2,288)	(2,741)	(1,504)
Relating to reduction in Malaysian income tax rate	(918)	-	(820)	-
(Over)/under provision of tax in prior years	(1,001)	7,315	(1,001)	7,192
	(7,177)	5,027	(4,562)	5,688
Total income tax expense	67,737	66,195	(4,163)	5,366

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2014 and 31 December 2013 is as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Accounting profit before tax	271,759	245,580	170,473	126,369
Taxation at Malaysian statutory tax rate of 25%	67,940	61,395	42,618	31,592
Deferred tax not recognised in respect of current year's tax losses	1	89	-	-
Effect of tax rate of 3% on profit before tax for subsidiary incorporated in Labuan	(55)	(35)	-	-
Effect of expenses not deductible for tax purposes	5,670	5,981	4,949	5,181
Effect of reduction in Malaysian income tax rate	(918)	-	(820)	-
Effect of income not subject to tax	(1,637)	(911)	(49,981)	(36,262)
Recognition of previously unrecognised deferred tax assets	(1,586)	-	-	-
Utilisation of previously unrecognised tax losses by a subsidiary	(747)	-	-	-
Utilisation of subsidiaries losses under group relief	-	(205)	-	(205)
Under/(over) provision of income tax in prior years	70	(7,434)	72	(2,132)
(Over)/under provision of deferred tax in prior years	(1,001)	7,315	(1,001)	7,192
Tax expense for the year	67,737	66,195	(4,163)	5,366

In the previous financial year, the Group and the Company's tax charge was reduced by RM205,000 as unutilised tax losses of certain subsidiaries were offset against its taxable income. No payments were made by the Company to its subsidiaries for the surrendering of these tax losses.

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective year of assessment 2016.

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10. Earnings per share (EPS)**(a) Basic EPS**

Basic EPS is calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2014	2013
Profit for the year, net of tax, attributable to owners of the Company (RM'000)	198,226	173,075
Weighted average number of ordinary shares in issue ('000)	533,114	532,373
Basic EPS (sen)	37.2	32.5

(b) Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of ordinary shares issued to employees under the SGP and potential ordinary shares which may arise from the SGP grants which have not vested as at the end of the year.

	Group	
	2014	2013
Profit for the year, net of tax, attributable to owners of the Company (RM'000)	198,226	173,075
Weighted average number of ordinary shares in issue ('000)	533,114	532,373
Effect of dilution of share grants ('000)	2,209	1,454
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	535,323	533,827
Diluted EPS (sen)	37.0	32.4

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11. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Special dividends on ordinary shares				
20.0 sen per share under the single-tier system, on 533,520,000 ordinary shares	-	-	106,704	-
20.0 sen per share under the single-tier system, on 532,612,000 ordinary shares	-	-	-	106,522
Interim dividends on ordinary shares				
16.0 sen per share under the single-tier system, on 533,520,000 ordinary shares	85,363	-	85,363	-
16.0 sen per share under the single-tier system, on 532,612,000 ordinary shares	-	85,218	-	85,218
Final dividends on ordinary shares				
16.0 sen per share under the single-tier system, on 532,862,000 ordinary shares	-	85,258	85,258	-
13.5 sen per share under the single-tier system, on 532,274,000 ordinary shares	-	-	-	71,857
	85,363	170,476	277,325	263,597

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.

NOTES TO THE FINANCIAL STATEMENTS

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12. Property, plant and equipment

Group	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress RM'000	Total RM'000
Cost							
At 1 January 2014		320,723	31,603	60,785	2,157	1,725	416,993
Additions		104	664	2,020	837	216	3,841
Disposal		-	-	-	(806)	-	(806)
Write-offs		-	(94)	(15,046)	-	-	(15,140)
Exchange differences		14	4	83	-	-	101
Reclassification		-	-	1,511	-	(1,511)	-
At 31 December 2014		320,841	32,177	49,353	2,188	430	404,989
Accumulated depreciation							
At 1 January 2014		132,712	30,346	45,974	1,605	-	210,637
Depreciation charge for the year	6	6,291	586	5,577	474	-	12,928
Disposal		-	-	-	(806)	-	(806)
Write-offs		-	(94)	(15,041)	-	-	(15,135)
Exchange differences		14	4	83	-	-	101
At 31 December 2014		139,017	30,842	36,593	1,273	-	207,725
Net carrying amount at 31 December 2014							
		181,824	1,335	12,760	915	430	197,264
Cost							
At 1 January 2013		319,580	31,205	84,963	2,157	725	438,630
Additions		1,121	890	7,616	-	1,673	11,300
Write-offs		-	(499)	(32,618)	-	-	(33,117)
Exchange differences		22	7	151	-	-	180
Reclassification		-	-	673	-	(673)	-
At 31 December 2013		320,723	31,603	60,785	2,157	1,725	416,993
Accumulated depreciation							
At 1 January 2013		126,286	30,250	71,182	1,179	-	228,897
Depreciation charge for the year	6	6,404	588	7,259	426	-	14,677
Write-offs		-	(499)	(32,618)	-	-	(33,117)
Exchange differences		22	7	151	-	-	180
At 31 December 2013		132,712	30,346	45,974	1,605	-	210,637
Net carrying amount at 31 December 2013							
		188,011	1,257	14,811	552	1,725	206,356

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

12. Property, plant and equipment (cont'd.)

Company	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress RM'000	Total RM'000
Cost							
At 1 January 2014		320,460	31,166	60,093	1,979	1,724	415,422
Additions		104	655	2,010	837	216	3,822
Disposal		-	-	-	(806)	-	(806)
Write-offs		-	(94)	(15,046)	-	-	(15,140)
Reclassification		-	-	1,511	-	(1,511)	-
At 31 December 2014		320,564	31,727	48,568	2,010	429	403,298
Accumulated depreciation							
At 1 January 2014		132,478	29,959	47,650	1,463	-	211,550
Depreciation charge for the year	6	6,282	562	4,345	439	-	11,628
Disposal		-	-	-	(806)	-	(806)
Write-offs		-	(94)	(15,041)	-	-	(15,135)
At 31 December 2014		138,760	30,427	36,954	1,096	-	207,237
Net carrying amount at 31 December 2014		181,804	1,300	11,614	914	429	196,061
Cost							
At 1 January 2013		319,367	30,736	83,160	1,979	724	435,966
Additions		1,093	890	7,565	-	1,673	11,221
Write-offs		-	(460)	(31,305)	-	-	(31,765)
Reclassification		-	-	673	-	(673)	-
At 31 December 2013		320,460	31,166	60,093	1,979	1,724	415,422
Accumulated depreciation							
At 1 January 2013		126,079	29,853	72,818	1,073	-	229,823
Depreciation charge for the year	6	6,399	566	6,137	390	-	13,492
Write-offs		-	(460)	(31,305)	-	-	(31,765)
At 31 December 2013		132,478	29,959	47,650	1,463	-	211,550
Net carrying amount at 31 December 2013		187,982	1,207	12,443	516	1,724	203,872

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

12. Property, plant and equipment (cont'd.)

(a) Buildings and office lots

Group	Buildings RM'000	Office lots RM'000	Renovations RM'000	Total RM'000
Cost				
At 1 January 2014	285,960	19,862	14,901	320,723
Additions	-	-	104	104
Exchange differences	-	-	14	14
At 31 December 2014	285,960	19,862	15,019	320,841
Accumulated depreciation				
At 1 January 2014	109,706	10,456	12,550	132,712
Depreciation charge for the year	5,242	282	767	6,291
Exchange differences	-	-	14	14
At 31 December 2014	114,948	10,738	13,331	139,017
Net carrying amount at 31 December 2014	171,012	9,124	1,688	181,824
Cost				
At 1 January 2013	285,960	19,862	13,758	319,580
Additions	-	-	1,121	1,121
Exchange differences	-	-	22	22
At 31 December 2013	285,960	19,862	14,901	320,723
Accumulated depreciation				
At 1 January 2013	104,464	10,175	11,647	126,286
Depreciation charge for the year	5,242	281	881	6,404
Exchange differences	-	-	22	22
At 31 December 2013	109,706	10,456	12,550	132,712
Net carrying amount at 31 December 2013	176,254	9,406	2,351	188,011

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

12. Property, plant and equipment (cont'd.)

(a) Buildings and office lots (cont'd.)

Company	Buildings RM'000	Office lots RM'000	Renovations RM'000	Total RM'000
Cost				
At 1 January 2014	285,960	19,862	14,638	320,460
Additions	-	-	104	104
At 31 December 2014	285,960	19,862	14,742	320,564
Accumulated depreciation				
At 1 January 2014	109,706	10,456	12,316	132,478
Depreciation charge for the year	5,242	282	758	6,282
At 31 December 2014	114,948	10,738	13,074	138,760
Net carrying amount at 31 December 2014	171,012	9,124	1,668	181,804
Cost				
At 1 January 2013	285,960	19,862	13,545	319,367
Additions	-	-	1,093	1,093
At 31 December 2013	285,960	19,862	14,638	320,460
Accumulated depreciation				
At 1 January 2013	104,464	10,175	11,440	126,079
Depreciation charge for the year	5,242	281	876	6,399
At 31 December 2013	109,706	10,456	12,316	132,478
Net carrying amount at 31 December 2013	176,254	9,406	2,322	187,982

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

13. Computer software

	Note	2014			2013		
		Implemented projects	Projects-in-progress	Total	Implemented projects	Projects-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Cost							
At 1 January		107,326	2,261	109,587	133,969	7,176	141,145
Additions		5,639	2,438	8,077	19,724	2,261	21,985
Write-offs		(3,156)	-	(3,156)	(53,543)	-	(53,543)
Reclassification		785	(785)	-	7,176	(7,176)	-
At 31 December		110,594	3,914	114,508	107,326	2,261	109,587
Accumulated amortisation							
At 1 January		48,183	-	48,183	79,871	-	79,871
Amortisation charge for the year	6	12,359	-	12,359	20,287	-	20,287
Write-offs		(3,156)	-	(3,156)	(51,975)	-	(51,975)
At 31 December		57,386	-	57,386	48,183	-	48,183
Net carrying amount at 31 December		53,208	3,914	57,122	59,143	2,261	61,404
Company							
Cost							
At 1 January		88,193	2,261	90,454	114,952	7,176	122,128
Additions		5,357	2,438	7,795	19,608	2,261	21,869
Write-offs		(3,156)	-	(3,156)	(53,543)	-	(53,543)
Reclassification		785	(785)	-	7,176	(7,176)	-
At 31 December		91,179	3,914	95,093	88,193	2,261	90,454
Accumulated amortisation							
At 1 January		43,116	-	43,116	77,408	-	77,408
Amortisation charge for the year	6	8,999	-	8,999	17,683	-	17,683
Write-offs		(3,156)	-	(3,156)	(51,975)	-	(51,975)
At 31 December		48,959	-	48,959	43,116	-	43,116
Net carrying amount at 31 December		42,220	3,914	46,134	45,077	2,261	47,338

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14. Goodwill

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January/31 December	42,957	42,957	29,494	29,494

Goodwill is in respect of acquisitions of subsidiaries by the Group and has been allocated to the CGUs in the following market segments:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Securities market	33,273	33,273	29,494	29,494
Derivatives market	9,684	9,684	-	-
	42,957	42,957	29,494	29,494

Key assumptions used in value-in-use calculations

The following describes the key assumptions on which management has based its cash flow projections to undertake impairment assessment of goodwill:

(i) Securities market

The recoverable amount of this CGU has been determined based on value-in-use calculations using five year financial projections. Revenue growth has been capped at 5% per annum, while expenses have been assumed to grow between 4% to 5% per annum, which is in line with the expected inflation rate. No revenue and expense growth was projected from the 6th year to perpetuity.

(ii) Derivatives market

The recoverable amount of this CGU has been determined based on value-in-use calculations using five year financial projections. The anticipated average revenue and expenses growth in the five year financial projections was at 15% and 10% respectively, based on the expected developments. No revenue and expense growth was projected from the 6th year to perpetuity.

(iii) Discount rate

A discount rate of 11% was applied in determining the recoverable amount of the respective CGU. The discount rate was based on the Group's weighted average cost of capital.

Sensitivity to changes in assumptions

Management believes that no reasonable possible changes in any of the key assumptions above would cause the carrying values of the CGUs to materially exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

15. Investments in subsidiaries

	Company	
	2014 RM'000	2013 RM'000
Unquoted shares, at cost	174,183	174,183
Less: Accumulated impairment losses	(22,041)	(22,041)
	152,142	152,142

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

Name of subsidiaries	Proportion of ownership interest		Ordinary paid-up capital as at	Principal activities
	2014 %	2013 %	31.12.2014 RM'000	
Bursa Malaysia Securities Berhad (Bursa Malaysia Securities)	100	100	25,000	Provide, operate and maintain a securities exchange.
Bursa Malaysia Derivatives Berhad (Bursa Malaysia Derivatives)	75	75	50,000	Provide, operate and maintain a derivatives exchange.
Labuan International Financial Exchange Inc. (LFX)*	100	100	5,500 (in USD'000)	Provide, operate and maintain an offshore financial exchange.
Bursa Malaysia Securities Clearing Sdn Bhd (Bursa Malaysia Securities Clearing)	100	100	50,000	Provide, operate and maintain a clearing house for the securities exchange.
Bursa Malaysia Depository Sdn Bhd (Bursa Malaysia Depository)	100	100	25,000	Provide, operate and maintain a central depository for securities listed on the securities exchange.
Bursa Malaysia Information Sdn Bhd (Bursa Malaysia Information)	100	100	250	Provide and disseminate prices and other information relating to securities quoted on exchanges within the Group.
Bursa Malaysia Bonds Sdn Bhd (Bursa Malaysia Bonds)	100	100	2,600	Provide, operate and maintain an electronic trading platform for the bond market.
Bursa Malaysia Islamic Services Sdn Bhd (Bursa Malaysia Islamic Services)	100	100	2,600	Provide, operate and maintain a Shari'ah compliant commodity trading platform.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Proportion of ownership interest		Ordinary paid-up capital as at	Principal activities
	2014	2013	31.12.2014	
	%	%	RM'000	
Subsidiary held through Bursa Malaysia Depository				
Bursa Malaysia Depository Nominees Sdn Bhd (Bursa Malaysia Depository Nominees)	100	100	~	Act as a nominee for Bursa Malaysia Depository and receive securities on deposit or for safe-custody or management.
Subsidiary held through Bursa Malaysia Derivatives				
Bursa Malaysia Derivatives Clearing Berhad (Bursa Malaysia Derivatives Clearing)	75	75	20,000	Provide, operate and maintain a clearing house for the derivatives exchange.

* Incorporated in the Federal Territory of Labuan, Malaysia.

~ Denotes RM2.

All subsidiaries are consolidated. The proportion of the voting rights in the subsidiaries held directly by the parent company does not differ from the proportion of ordinary shares held.

The summarised financial information of Bursa Malaysia Derivatives Group that has a non-controlling interest, representing 25% of ownership interest, is as follows:

(a) Summarised consolidated statement of financial position

	2014	2013
	RM'000	RM'000
Assets		
Non-current assets	17,142	21,436
Current assets	800,327	836,067
Total assets	817,469	857,503
Equity attributable to owners of the company	61,005	84,420
Liabilities		
Non-current liabilities	4,165	6,447
Current liabilities	752,299	766,636
Total liabilities	756,464	773,083
Total equity and liabilities	817,469	857,503

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15. Investments in subsidiaries (cont'd.)

(b) Summarised consolidated income statement

	2014 RM'000	2013 RM'000
Revenue	89,664	87,688
Expenses	(58,400)	(53,370)
Profit for the year	23,183	25,239
Dividend paid to non-controlling interests	8,125	5,750

(c) Summarised consolidated statement of cash flows

	2014 RM'000	2013 RM'000
Net cash from operating activities	26,500	28,265
Net cash from investing activities	1,651	2,300
Net cash used in financing activities	(46,547)	(23,220)
Net (decrease)/increase in cash and cash equivalents	(18,396)	7,345
Cash and cash equivalents at the beginning of year	72,172	64,827
Cash and cash equivalents at the end of year	53,776	72,172

The summarised financial information represents the amount before inter-company eliminations between Bursa Malaysia Berhad Group and Bursa Malaysia Derivatives Group.

16. Investment securities

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Non-current				
AFS financial assets				
- Shares (quoted outside Malaysia)	118,631	98,584	118,631	98,584
- Bonds (unquoted)	69,818	64,911	-	-
	188,449	163,495	118,631	98,584
Current				
AFS financial assets				
- Bonds (unquoted)	37,014	36,551	27,026	26,545
HTM investment				
- Commercial papers	4,902	14,632	4,902	9,723
	41,916	51,183	31,928	36,268
Total investments	230,365	214,678	150,559	134,852

NOTES TO THE FINANCIAL STATEMENTS

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17. Staff loans receivable

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Housing loans	6,555	7,787	5,964	7,104
Vehicle loans	57	83	57	83
Computer loans	59	74	57	72
	6,671	7,944	6,078	7,259
Less: Portion within 12 months, included in other receivables (Note 20)	(752)	(822)	(677)	(745)
	5,919	7,122	5,401	6,514

18. Deferred tax assets/(liabilities)

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	(11,244)	(6,617)	(9,388)	(4,026)
Recognised in income statement (Note 9)	7,177	(5,027)	4,562	(5,688)
Recognised in other comprehensive income	(409)	400	(435)	326
At 31 December	(4,476)	(11,244)	(5,261)	(9,388)

Presented after appropriate offsetting as follows:

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Deferred tax assets (before offsetting)	20,677	19,010	16,942	17,077
Offsetting	(17,004)	(17,362)	(16,942)	(17,077)
Deferred tax assets (after offsetting)	3,673	1,648	-	-
Deferred tax liabilities (before offsetting)	(25,153)	(30,254)	(22,203)	(26,465)
Offsetting	17,004	17,362	16,942	17,077
Deferred tax liabilities (after offsetting)	(8,149)	(12,892)	(5,261)	(9,388)
	(4,476)	(11,244)	(5,261)	(9,388)

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

18. Deferred tax assets/(liabilities) (cont'd.)

Deferred tax assets of the Group:

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment of receivables RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January 2014	7,236	8,401	10	42	3,321	-	19,010
Recognised in income statement	(134)	(659)	9	5	1,311	1,586	2,118
Recognised in other comprehensive income	(451)	-	-	-	-	-	(451)
At 31 December 2014	6,651	7,742	19	47	4,632	1,586	20,677
At 1 January 2013	7,505	6,705	847	38	-	-	15,095
Recognised in income statement	(526)	1,696	(837)	4	3,321	-	3,658
Recognised in other comprehensive income	257	-	-	-	-	-	257
At 31 December 2013	7,236	8,401	10	42	3,321	-	19,010

Deferred tax assets of the Company:

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment of receivables RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Total RM'000
At 1 January 2014	7,237	6,471	11	37	3,321	17,077
Recognised in income statement	(135)	(865)	-	5	1,311	316
Recognised in other comprehensive income	(451)	-	-	-	-	(451)
At 31 December 2014	6,651	5,606	11	42	4,632	16,942
At 1 January 2013	7,506	5,286	692	35	-	13,519
Recognised in income statement	(526)	1,185	(681)	2	3,321	3,301
Recognised in other comprehensive income	257	-	-	-	-	257
At 31 December 2013	7,237	6,471	11	37	3,321	17,077

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

18. Deferred tax assets/(liabilities) (cont'd.)

Deferred tax liabilities:

	2014			2013		
	Accelerated capital allowances	AFS investments	Total	Accelerated capital allowances	AFS investments	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 1 January	(30,032)	(222)	(30,254)	(21,607)	(105)	(21,712)
Recognised in income statement	5,040	19	5,059	(8,425)	(260)	(8,685)
Recognised in other comprehensive income	-	42	42	-	143	143
At 31 December	(24,992)	(161)	(25,153)	(30,032)	(222)	(30,254)
Company						
At 1 January	(26,378)	(87)	(26,465)	(17,435)	(110)	(17,545)
Recognised in income statement	4,233	13	4,246	(8,943)	(46)	(8,989)
Recognised in other comprehensive income	-	16	16	-	69	69
At 31 December	(22,145)	(58)	(22,203)	(26,378)	(87)	(26,465)

At the financial year end, the Group has unutilised tax losses of RM14,496,000 (2013: RM17,483,000) that are available for offset against future taxable profits of the companies in which the losses arose. Deferred tax asset has been recognised at the current financial year end in respect of RM6,345,000 (2013: Nil) of such losses. No deferred tax asset has been recognised in respect of the remaining RM8,151,000 (2013: RM17,483,000) as it is not probable that there is sufficient taxable profits in the subsidiaries in which they occur to utilise these tax losses. The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authority.

19. Trade receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Trade receivables	41,677	33,234	1,196	1,480
Less: Allowance for impairment	(388)	(501)	(258)	(194)
	41,289	32,733	938	1,286

NOTES TO THE FINANCIAL STATEMENTS

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20. Other receivables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Deposits	735	733	613	613
Prepayments	7,472	5,282	7,048	4,931
Interest receivables	3,759	4,708	698	1,593
Staff loans receivable within 12 months (Note 17)	752	822	677	745
Sundry receivables	10,962	11,253	7,065	6,677
	23,680	22,798	16,101	14,559
Less: Allowance for impairment	(6,268)	(7,004)	(2,584)	(2,675)
	17,412	15,794	13,517	11,884

21. Related company balances

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

22. Cash for trading margins, security deposits, SBL collaterals and eDividend distributions

	Group	
	2014 RM'000	2013 RM'000
Trading margins and security deposits	715,815	733,601
SBL collaterals	-	717
Trade payables (Note c)	715,815	734,318
Cash received for eDividend distributions (included in other payables (Note 30))	1,318	1,225
Total cash for trading margins, security deposits, SBL collaterals and eDividend distributions	717,133	735,543

NOTES TO THE FINANCIAL STATEMENTS

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22. Cash for trading margins, security deposits, SBL collaterals and eDividend distributions (cont'd.)

Note a

The cash received from Clearing Participants (CPs) and Trading Clearing Participants (TCPs) are placed in interest-bearing deposits and interest earned is credited to the CPs' and TCPs' accounts net of service charges. Cash received for eDividend distributions is placed in interest-bearing deposits until such time when dividend payment is due. Details of the cash received are as follows:

	Group	
	2014	2013
	RM'000	RM'000
Cash on hand and at banks	125,418	170,876
Deposits with licensed financial institutions	591,715	564,667
	717,133	735,543

Note b

The amount of non-cash collaterals for trading margins, security deposits and SBL collaterals held by, but not belonging to, the Group and which are not included in the Group's statement of financial position as at the financial year end comprise the following:

	Group	
	2014	2013
	RM'000	RM'000
Collaterals in the form of letters of credit	494,115	499,385
Collaterals in the form of shares	6,220	3,216
	500,335	502,601

Note c

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

NOTES TO THE FINANCIAL STATEMENTS

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23. Cash and bank balances of Clearing Funds

Group	Participants' contribution RM'000	Cash set aside by the Group RM'000	Total RM'000
Contributions from:			
TCPs of Bursa Malaysia Securities Clearing	13,832	-	13,832
Bursa Malaysia Securities Clearing	-	25,000	25,000
Additional cash resources from Bursa Malaysia Securities Clearing	-	60,000	60,000
Clearing Guarantee Fund (CGF) contributions	13,832	85,000	98,832
Contributions from:			
CPs of Bursa Malaysia Derivatives Clearing	22,429	-	22,429
Bursa Malaysia Derivatives Clearing	-	5,000	5,000
Derivatives Clearing Fund (DCF) contributions	22,429	5,000	27,429
Total cash and bank balances of Clearing Funds as at 31 December 2014	36,261	90,000	126,261
Contributions from:			
TCPs of Bursa Malaysia Securities Clearing	13,178	-	13,178
Bursa Malaysia Securities Clearing	-	25,000	25,000
CGF contributions	13,178	25,000	38,178
Contributions from:			
CPs of Bursa Malaysia Derivatives Clearing	22,196	-	22,196
Bursa Malaysia Derivatives Clearing	-	5,000	5,000
DCF contributions	22,196	5,000	27,196
Total cash and bank balances of Clearing Funds as at 31 December 2013	35,374	30,000	65,374

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

23. Cash and bank balances of Clearing Funds (cont'd.)

(i) As at the financial year end, the total cash and non-cash components of the CGF are as follows:

	2014 RM'000	2013 RM'000
Cash and bank balances	98,832	38,178
Bank guarantees from TCPs of Bursa Malaysia Securities Clearing	4,496	4,438
Standby Credit Facility from the Company	-	60,000
Total CGF	103,328	102,616

On 1 August 2014, Bursa Malaysia Securities Clearing replaced the Standby Credit Facility from the Company by setting aside RM60,000,000 as additional cash resources to CGF.

(ii) There are no non-cash collaterals from CPs of Bursa Malaysia Derivatives Clearing for DCF held by the Group as at 31 December 2014 and 31 December 2013.

24. Cash and bank balances

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Cash on hand and at banks	4,068	2,375	621	362
Deposits with:				
Licensed banks	190,571	286,231	53,121	120,203
Licensed investment banks	19,728	62,836	2,909	24,194
	210,299	349,067	56,030	144,397
Total cash and bank balances	214,367	351,442	56,651	144,759

(i) Included in the Group's and the Company's cash and bank balances is an amount of RM1,668,000 (2013: RM2,207,000) set aside to meet or secure the claims of creditors and certain lease payments pursuant to the High Court order issued in relation to the reduction of capital of the Company on 27 January 2005.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

24. Cash and bank balances (cont'd.)

(ii) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total cash and bank balances	214,367	351,442	56,651	144,759
Less: Deposits not for short-term funding requirements	-	(104,834)	-	(56,087)
	214,367	246,608	56,651	88,672

25. Share capital

	Number of ordinary shares of RM0.50 each		Amount	
	2014 '000	2013 '000	2014 RM'000	2013 RM'000
Authorised				
At 1 January/31 December	2,000,000	2,000,000	1,000,000	1,000,000
Issued and fully paid				
At 1 January	532,612	532,024	266,306	266,012
Issued during the year pursuant to SGP (Note 28(b))	908	588	454	294
At 31 December	533,520	532,612	266,760	266,306

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

26. Other reserves

	Note	Group		Company	
		2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Capital reserve	(a)	-	14,100	-	-
Capital redemption reserve	(b)	5,250	5,250	-	-
Foreign currency translation reserve	(c)	204	72	-	-
Share grant reserve	(d)	7,496	4,582	7,496	4,582
Clearing fund reserves	(e)	30,000	30,000	-	-
AFS reserve	(f)	33,708	13,712	34,018	13,969
		76,658	67,716	41,514	18,551

NOTES TO THE FINANCIAL STATEMENTS

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26. Other reserves (cont'd.)

(a) Capital reserve

On 6 December 2013, the Board of Directors of Bursa Malaysia Derivatives approved the proposed revamp of Bursa Malaysia Derivatives' participantship structure which creates a single trading right that would enable Bursa Malaysia Derivatives' Trading Participants to trade all categories of products on the derivatives exchange ("the Proposed Revamp").

On 24 January 2014, the ordinary shareholders and holders of the non-cumulative "A", "B" and "C" preference shares of Bursa Malaysia Derivatives approved the proposed share capital reduction and capital repayment.

On 3 April 2014, the High Court of Malaya confirmed the proposed share capital reduction and capital repayment pursuant to Section 64 of the Companies Act, 1965.

The Proposed Revamp was completed in the following manner upon obtaining the above requisite approvals and confirmation:

- (1) On 14 April 2014, the Rules of Bursa Malaysia Derivatives were amended and all the existing non-cumulative preference shares of RM1.00 each were cancelled as follows:
 - (i) 40 non-cumulative "A" preference shares;
 - (ii) 17 non-cumulative "B" preference shares; and
 - (iii) 28 non-cumulative "C" preference shares.
- (2) On 15 April 2014, 19 new redeemable "A" and 14 new redeemable "B" preference shares of RM1.00 each were issued and allotted to the previous holders of non-cumulative "A", "B" and "C" preference shares who were entitled to the new redeemable "A" and "B" preference shares of RM1.00 each. The entitlement to the new redeemable "A" or "B" preference shares were as follows:
 - (i) Active holders of non-cumulative "A", "B" and "C" preference shares were allotted 1 new redeemable "A" preference share; and
 - (ii) Dormant holders of non-cumulative "A", "B" and "C" preference shares who surrender their participantship were allotted 1 new redeemable "B" preference share.
- (3) On 16 April 2014, all the new redeemable "A" and "B" preference shares were redeemed based on the terms and conditions of the new redeemable preference shares as set out in the Articles of Association of Bursa Malaysia Derivatives. Bursa Malaysia Derivatives' share premium account of RM14,100,000 recognised as capital reserve in the Group's financial statements, was fully utilised for the redemption.

In the previous financial years, the capital reserve was in relation to share premium in Bursa Malaysia Derivatives, which arose from "B" and "C" non-cumulative preference shares of RM1.00 each in Bursa Malaysia Derivatives. The composition of share premium in Bursa Malaysia Derivatives was as follows:

Type of preference shares	No. of shares issued	Share premium RM'000
"B" preference shares	17	8,500
"C" preference shares	28	5,600
		14,100

The share premium from the above issues were not refundable to the preference shareholders and thus were treated as a non-distributable capital reserve. The "B" and "C" preference shares had been accounted for as part of the Group's non-controlling interest.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

26. Other reserves (cont'd.)**(b) Capital redemption reserve**

The capital redemption reserve relates to the capitalisation of retained earnings arising from the redemption of preference shares by the following subsidiaries:

	Group	
	2014 RM'000	2013 RM'000
Bursa Malaysia Depository	5,000	5,000
Bursa Malaysia Securities	250	250
	5,250	5,250

The capital redemption reserve is non-distributable in the form of dividends but may be applied in paying up unissued shares of the subsidiaries to be issued to the shareholder of the subsidiaries as fully paid bonus shares.

(c) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of a subsidiary whose functional currency differs from the Group's presentation currency.

(d) Share grant reserve

The share grant reserve represents the value of equity-settled shares granted to employees under the SGP. This reserve is made up of the cumulative value of services received from employees recorded on grant of shares.

(e) Clearing fund reserves

	Note	Group	
		2014 RM'000	2013 RM'000
Amount set aside for:			
CGF, in accordance with Rules of Bursa Malaysia Securities Clearing	(i)	25,000	25,000
DCF, in accordance with Rules of Bursa Malaysia Derivatives Clearing	(ii)	5,000	5,000
		30,000	30,000

(i) CGF reserve

The CGF reserve is an amount set aside following the implementation of the CGF. The quantum of the CGF was set at RM100,000,000 and may increase by the quantum of interest arising from investments of the fixed contributions. The CGF comprises contributions from TCPs and appropriation from Bursa Malaysia Securities Clearing, and other financial resources. The CGF composition is disclosed in Note 23(i).

(ii) DCF reserve

Pursuant to the Rules of Bursa Malaysia Derivatives Clearing, Bursa Malaysia Derivatives Clearing set up a DCF for derivatives clearing and settlement. The DCF comprises contributions from CPs and appropriation of certain amounts from Bursa Malaysia Derivatives Clearing's retained earnings. The DCF composition is disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

26. Other reserves (cont'd.)

(f) AFS reserve

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

27. Retained earnings

The Company is able to distribute dividends out of its entire retained earnings under the single-tier system.

28. Employee benefits

(a) Retirement benefit obligations

The Group operates a funded, defined Retirement Benefit Scheme (the Scheme) for its eligible employees. Contributions to the Scheme are made to a separately administered fund. Under the Scheme, eligible employees are entitled to a lump sum, upon leaving service, calculated based on the multiplication of two times the Final Scheme Salary, Pensionable Service and a variable factor based on service years, less EPF offset. The Scheme was closed to new entrants effective 1 September 2003.

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

	Group and Company	
	2014	2013
	RM'000	RM'000
Present value of funded defined benefit obligations	27,943	30,440
Fair value of plan assets	(1,338)	(1,490)
Net liability arising from defined benefit obligations	26,605	28,950

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

28. Employee benefits (cont'd.)

(a) Retirement benefit obligations (cont'd.)

The movements in the net liability were as follows:

	Note	Group and Company		Total RM'000
		Present value of funded defined benefit obligations	Fair value of plan assets	
		RM'000	RM'000	
At 1 January 2014		30,440	(1,490)	28,950
Interest expense/(income)	5	1,488	(74)	1,414
		31,928	(1,564)	30,364
Remeasurements:				
Return on plan assets		-	57	57
Experience gain		(1,459)	-	(1,459)
Actuarial changes arising from changes in financial and demographic assumptions		(404)	-	(404)
		(1,863)	57	(1,806)
Contributions by employer		-	(1,774)	(1,774)
Payments from plan		(2,122)	1,943	(179)
At 31 December 2014		27,943	(1,338)	26,605
At 1 January 2013		31,392	(1,369)	30,023
Interest expense/(income)	5	1,551	(70)	1,481
		32,943	(1,439)	31,504
Remeasurements:				
Return on plan assets		-	45	45
Experience loss		984	-	984
		984	45	1,029
Contributions by employer		-	(3,249)	(3,249)
Payments from plan		(3,487)	3,153	(334)
At 31 December 2013		30,440	(1,490)	28,950

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

28. Employee benefits (cont'd.)

(a) Retirement benefit obligations (cont'd.)

The plan assets comprise as follows:

	Group and Company	
	2014	2013
	%	%
Malaysian Government Securities	47	40
Cash and fixed deposits	53	60

Principal actuarial assumptions used:

	Group and Company	
	2014	2013
	%	%
Discount rate	5.3	5.0
Expected rate of salary increase	5.0	5.0

The discount rate is determined based on the values of AA rated corporate bond yields with 3 to 15 years of maturity.

Significant actuarial assumptions for determination of the defined benefits obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on changes to individual assumptions, with all other assumptions held constant:

	Group and Company			
	Discount rate		Expected salary growth	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
	RM'000	RM'000	RM'000	RM'000
At 31 December 2014				
(Decrease)/increase on defined benefit obligations	(1,547)	1,689	1,747	(1,631)
At 31 December 2013				
(Decrease)/increase on defined benefit obligations	(1,994)	2,134	2,198	(2,050)

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

28. Employee benefits (cont'd.)**(b) SGP**

The 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 in force for a maximum period of 10 years from the date of implementation.

The SGP comprises two types of performance-based awards, namely Restricted Share Plan (RSP) and Performance Share Plan (PSP).

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

- (i) The Committee (appointed by the Board of Directors to administer the SGP) may, in its discretion where necessary, direct the implementation and administration of the plan. The Committee may at any time within the duration of the plan, offer RSP and PSP awards under the SGP to eligible employees and/or Executive Directors of the Group, wherein such offer shall lapse should the eligible employees or Executive Directors of the Group fail to accept within the period stipulated.
- (ii) To facilitate the implementation of the SGP, a Trust to be administered in accordance to the Trust Deed by the Trustee appointed by the Company was established. The Trustee shall subscribe for new ordinary shares of RM0.50 each in the Company and transfer the shares to eligible employees and/or Executive Directors of the Group participating in the SGP. The Trustee will obtain financial funding from the Company and/or its subsidiaries and/or third parties for purposes of administering the Trust.
- (iii) The total number of shares to be issued under the SGP shall not exceed in aggregate 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the tenure of the SGP and out of which not more than 50% of the shares shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the shares available under the SGP shall be allocated to any individual employee or Executive Director who, either individually or collectively through persons connected with him/her, holds 20% or more in the issued and paid-up capital of the Company.
- (iv) All new ordinary shares issued pursuant to the SGP will rank *pari passu* in all respect with the then existing ordinary shares of the Company, except that the new ordinary shares so issued will not be entitled to any rights, dividends or other distributions declared, made or paid to shareholders prior to the date of allotment of such new ordinary shares, and will be subject to all the provisions of the Articles of Association of the Company relating to transfer, transmission or otherwise.
- (v) The shares granted will only be vested to the eligible employees and/or Executive Directors of the Group who have duly accepted the offer of awards under the SGP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
 - Eligible employees and/or Executive Directors of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service as at the vesting dates.
 - In respect of the PSP, eligible employees and/or Executive Directors of the Group having achieved his/her performance targets as stipulated by the Committee and as set out in their offer of awards.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

28. Employee benefits (cont'd.)

(b) SGP (cont'd.)

The following table illustrates the movement of shares granted under the SGP during the financial year:

2014	Movements during the year				At 31 December '000
	At 1 January '000	Granted '000	Vested '000	Forfeited '000	
2011 grant:					
RSP	140	-	(135)	(5)	-
2012 grants:					
RSP	331	-	(167)	(16)	148
PSP	224	-	-	(8)	216
2013 grants:					
RSP	1,096	-	(356)	(79)	661
PSP	475	-	-	(35)	440
2014 grants:					
RSP	-	1,478	(250)	(45)	1,183
PSP	-	450	-	-	450
	2,266	1,928	(908)	(188)	3,098

2013

2011 grant:					
RSP	306	-	(154)	(12)	140
2012 grants:					
RSP	549	-	(184)	(34)	331
PSP	380	-	-	(156)	224
2013 grants:					
RSP	-	1,375	(250)	(29)	1,096
PSP	-	475	-	-	475
	1,235	1,850	(588)	(231)	2,266

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

28. Employee benefits (cont'd.)**(b) SGP (cont'd.)**

As disclosed in Note 25, share grants vested during the financial year resulted in the issuance of 908,000 (2013: 588,000) ordinary shares of RM0.50 each. The weighted average share price at the date of vesting for the financial year was RM7.87 (2013: RM7.42).

The outstanding share grants at the end of the financial year are to be vested on specific dates in the following periods:

- (i) The 2012 grant is to be vested within the next year.
- (ii) The 2013 grants are to be vested within the next 2 years.
- (iii) The 2014 grants are to be vested within the next 3 years.

Fair value of shares granted during the financial year

The fair values of shares granted during the financial year were measured at grant date and the assumptions were as follows:

- (i) The fair value of RSP shares granted during the year was estimated using a discounted cash flow model, taking into account the vesting conditions upon which the RSP shares were granted. The weighted average share price at the grant date was RM7.76 (2013: RM7.45). An average expected dividend yield of 5.5% (2013: 4.7%) was used in measuring the fair values.
- (ii) The performance conditions for the PSP includes a non-market based hurdle and a market based hurdle. The non-market based hurdle is valued using a discounted cash flow model while the market based hurdle uses assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation. The key assumptions used in these models are as follows:

	2014	2013
Share price	RM7.80	RM7.56
Expected dividend yield	5.0%	4.9%
Expected volatility	18.0%	18.0%
Risk free rate	3.5%	3.3%

29. Deferred grants

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
At 1 January	7,768	9,934	4,779	5,934
Grant income (Note 4)	(2,750)	(2,166)	(1,078)	(1,155)
Received during the year	175	-	175	-
At 31 December	5,193	7,768	3,876	4,779

The deferred grants of the Group refer to grants for the development of the bond trading platform, the development of clearing facilities, licence for the order management system for the derivatives market and Environmental, Social and Governance (ESG) index. The deferred grants of the Company refers to the grant for the development of the bond trading platform and ESG index. There are no unutilised conditions or contingencies attached to these grants.

NOTES TO THE FINANCIAL STATEMENTS

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30. Other payables

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Accruals	18,679	18,071	12,577	14,985
Amount due to Securities Commission	5,187	3,963	-	-
Capital Market Education and Integrity Fund (CMEIF)	20,424	17,701	20,424	17,701
Provision for employee benefits	24,377	28,268	22,171	25,619
Receipts in advance	3,743	2,536	676	791
Sundry payables	21,122	18,595	7,101	7,403
	93,532	89,134	62,949	66,499

Included in sundry payables of the Group is cash received for eDividend distributions amounting to RM1,318,000 (2013: RM1,225,000).

31. Bursa Malaysia Depository Sdn Bhd - Compensation Fund (Depository - CF)

In 1997, pursuant to the provisions of Section 5(1)(b)(vii) of the Securities Industry (Central Depositories) Act, 1991, Bursa Malaysia Depository, a wholly-owned subsidiary, established a scheme of compensation for the purpose of settling claims by depositors against Bursa Malaysia Depository, its authorised depository agents and Bursa Malaysia Depository Nominees. The scheme comprises monies in the Depository - CF and insurance policies. Bursa Malaysia Depository's policy is to maintain the balance in the Depository - CF at RM50,000,000. In consideration for the above, all revenue accruing to the Depository - CF's deposits and investments are to be credited to Bursa Malaysia Depository and all expenditure incurred for and on behalf of the Depository - CF will be paid for by Bursa Malaysia Depository.

The net assets of the fund are as follows:

	2014 RM'000	2013 RM'000
Depository - CF	50,000	50,000

The assets of the fund are segregated from the financial statements of the Group and are accounted for separately.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

32. Operating lease arrangements**(a) The Group and Company as lessee of land**

The Company has entered into two non-cancellable operating lease agreements for the use of land. The leases are for a period of 99 years with no renewal or purchase option included in the contracts. The leases do not allow the Company to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. Tenancy is however allowed with the consent of the lessor.

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

	Group and Company	
	2014	2013
	RM'000	RM'000
Not later than one year	539	539
Later than one year and not later than five years	2,155	2,155
Later than five years	39,179	39,718
	41,873	42,412

The lease rental for the current financial year is disclosed in Note 7.

(b) The Group and Company as lessee of equipment

The Company has entered into an operating lease arrangement for the use of equipment. The leases have lives of five years with no renewal or purchase option included in the contracts.

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

	Group and Company	
	2014	2013
	RM'000	RM'000
Not later than one year	152	152
Later than one year and not later than five years	278	430
	430	582

The lease rental for the current financial year is disclosed in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

32. Operating lease arrangements (cont'd.)

(c) The Group and Company as lessor of building

The Company has entered into operating lease agreements for the rental of office space in the building. The lease period is for three years with renewal option of another three years included in the agreements. The leases have a fixed rental rate for the existing lease period with an upward revision to the rental rate for the renewed lease period.

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

	Group and Company	
	2014	2013
	RM'000	RM'000
Not later than one year	5,509	6,382
Later than one year and not later than two years	2,597	6,263
Later than two years and not later than five years	14	2,982
	8,120	15,627

The lease rental for the current financial year is disclosed in Note 4.

(d) The Company as lessor of building

The Company has entered into an operating lease arrangement with its subsidiaries for the use of office space. The lease is for a period of three years and shall be automatically renewed for further periods of three years for each renewal unless terminated.

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

	Company	
	2014	2013
	RM'000	RM'000
Not later than one year	4,607	4,607
Later than one year and not later than two years	4,607	4,607
Later than two years but not later than five years	10,513	11,615
	19,727	20,829

The lease rental for the current financial year is disclosed in Notes 3 and 34(a).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

32. Operating lease arrangements (cont'd.)**(e) The Company as lessor of equipment**

The Company has entered into an operating lease arrangement with its subsidiaries for the use of computer equipment. The equipment is leased between three to seven years with no purchase option included in the contract.

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

	Company	
	2014	2013
	RM'000	RM'000
Not later than one year	14,917	15,075
Later than one year and not later than five years	43,689	47,744
Later than five years	10,347	12,759
	68,953	75,578

The lease rental for the current financial year is disclosed in Notes 3 and 34(a).

33. Commitments**(a) Capital commitments**

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000
Approved and contracted for				
Computers and office automation	4,077	4,200	3,771	4,200
Office equipment	16	19	16	19
Renovations	220	96	220	96
	4,313	4,315	4,007	4,315
Approved but not contracted for				
Computers and office automation	2,626	7,838	2,626	7,838

(b) Other commitments

In the previous financial year, a Standby Credit Facility of RM60,000,000 was provided by the Company to Bursa Malaysia Securities Clearing in respect of the CGF (Note 23(i)).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

34. Significant related party disclosures

(a) Transactions with subsidiaries

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

	2014 RM'000	2013 RM'000
Management fee income from:		
Bursa Malaysia Securities	76,575	67,290
Bursa Malaysia Derivatives	10,410	9,618
Bursa Malaysia Securities Clearing	7,405	6,786
Bursa Malaysia Derivatives Clearing	2,964	3,275
Bursa Malaysia Depository	17,812	17,316
Bursa Malaysia Information	5,173	4,562
Bursa Malaysia Islamic Services	5,499	5,337
Bursa Malaysia Bonds	2	2
LFX	15	11
	125,855	114,197
Office space rental income from:		
Bursa Malaysia Securities	1,682	2,110
Bursa Malaysia Derivatives	1,103	522
Bursa Malaysia Securities Clearing	275	675
Bursa Malaysia Depository	1,062	935
Bursa Malaysia Information	287	389
Bursa Malaysia Islamic Services	198	411
	4,607	5,042

NOTES TO THE FINANCIAL STATEMENTS

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34. Significant related party disclosures (cont'd.)**(a) Transactions with subsidiaries (cont'd.)**

Significant transactions between the Company and its subsidiaries are as follows: (cont'd.)

	2014 RM'000	2013 RM'000
Lease rental income from:		
Bursa Malaysia Securities	7,518	19,688
Bursa Malaysia Derivatives	780	682
Bursa Malaysia Securities Clearing	1,024	856
Bursa Malaysia Derivatives Clearing	173	198
Bursa Malaysia Depository	1,037	1,110
Bursa Malaysia Information	153	145
Bursa Malaysia Islamic Services	1,195	1,230
	11,880	23,909
Dividend income from:		
Bursa Malaysia Securities	78,500	55,800
Bursa Malaysia Derivatives	24,634	17,669
Bursa Malaysia Securities Clearing	35,000	16,300
Bursa Malaysia Depository	43,200	40,800
Bursa Malaysia Information	13,800	12,000
	195,134	142,569

Management fee charged to subsidiaries are in respect of operational and administrative functions of the subsidiaries which are performed by employees of the Company.

Information regarding outstanding balances arising from related party transactions as at the financial year end are disclosed in Note 21.

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

34. Significant related party disclosures (cont'd.)

(b) Transactions with other related parties

Significant transactions between the Group and the Company and other related parties are as follows:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Administration fee income from Bursa Malaysia Securities Berhad - Compensation Fund (BMSB - CF), a fund previously managed by the Company	-	158	-	158
Administration fee income from Bursa Malaysia Derivatives Berhad - Fidelity Fund (BMDB - FF), a fund previously managed by a subsidiary	-	20	-	-

With effect from the previous financial year, the Group and the Company no longer earn administration fees as the functions and funds of BMSB - CF and BMDB - FF were transferred to the Capital Market Compensation Fund Corporation.

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Certain Directors are also directors of stockbroking companies and banks. The transactions entered into with these stockbroking companies and banks have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Government-linked and other entities are related to the Company by virtue of the substantial shareholdings of the Minister of Finance (Incorporated) in the Company. The transactions entered into with these entities have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

(c) Compensation of key management personnel

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

	Group and Company	
	2014 RM'000	2013 RM'000
Short term employee benefits	9,940	9,364
Contributions to defined contribution plan - EPF	1,106	1,047
Shares granted under SGP	2,954	2,460
	14,000	12,871

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

34. Significant related party disclosures (cont'd.)**(c) Compensation of key management personnel (cont'd.)**

Included in total remuneration of key management personnel is:

	Group and Company	
	2014	2013
	RM'000	RM'000
Executive Director's remuneration (Note 8)	5,691	5,613
Benefits-in-kind (Note 8)	35	32
	5,726	5,645

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

	Group and Company	
	2014	2013
	RM'000	RM'000
At 1 January	604	288
Granted	732	670
Vested	(326)	(280)
Forfeited	(65)	(74)
At 31 December	945	604

35. Contingent liability

In connection with the partial disposal of Bursa Malaysia Derivatives on 30 November 2009, the Company had entered into put and call options with Chicago Mercantile Exchange (CME) Group over the ordinary shares of Bursa Malaysia Derivatives representing the 25% equity interest disposed of to CME Group. The exercise price for the put and call options shall be determined based on a pre-agreed formula which takes into consideration the performance of Bursa Malaysia Derivatives and other peer exchanges.

36. Financial risk management objectives and policies

The Group and the Company are exposed to market risk (which comprises equity price risk, interest rate risk and foreign exchange risk), liquidity risk and credit risk arising from their business activities.

The Group and the Company ensure that the above risks are managed in order to minimise the effects of the unpredictability of the financial markets on the performance of the Group and of the Company. There has been no change in the nature of the risks which the Group and the Company are exposed to, nor the objectives, policies and processes to manage those risks compared to the previous year.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)

(a) Market risk: Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group and the Company are exposed to equity price risk through the Company's holding of shares in CME Group. The shares were obtained as part of the purchase consideration in the strategic alliance forged with CME Group.

The Group and the Company monitor the value of the equity holding by considering the movements in the quoted price, the potential future value to the Group and the sell down restrictions surrounding the equity holding.

An increase/decrease of 1% (2013: 1%) in the quoted price of the instrument would result in an increase/decrease in equity of RM1,186,000 (2013: RM986,000).

(b) Market risk: Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and the Company are exposed to interest rate risk through the holding of unquoted bonds, commercial papers and deposits with licensed financial institutions.

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

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Group and of the Company's profit after tax and equity to a 25 basis points (2013: 25 basis points) increase/decrease in interest rates with all other variables held constant:

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Effects on profit after tax if:				
- increase by 25 basis points	546	713	105	271
- decrease by 25 basis points	(564)	(713)	(105)	(271)
Effects on equity if:				
- increase by 25 basis points	(37)	(86)	(163)	(43)
- decrease by 25 basis points	37	86	163	43

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)

(b) Market risk: Interest rate risk (cont'd.)

Interest rate risk exposure

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

	Maturity			Total RM'000	Effective interest rate %
	Less than one year RM'000	One to five years RM'000	More than five years RM'000		
Group					
At 31 December 2014					
Investment securities	14,908	75,055	21,771	111,734	4.58
Deposits with licensed financial institutions:					
Cash set aside by the Group for Clearing Funds	90,000	-	-	90,000	3.88
Cash and bank balances	210,299	-	-	210,299	3.77
At 31 December 2013					
Investment securities	25,511	67,358	23,225	116,094	4.31
Deposits with licensed financial institutions:					
Cash set aside by the Group for Clearing Funds	30,000	-	-	30,000	3.35
Cash and bank balances	349,067	-	-	349,067	3.36
Company					
At 31 December 2014					
Investment securities	4,920	10,222	16,786	31,928	5.08
Deposits with licensed financial institutions:					
Cash and bank balances	56,030	-	-	56,030	3.84
At 31 December 2013					
Investment securities	10,596	12,391	13,281	36,268	4.34
Deposits with licensed financial institutions:					
Cash and bank balances	144,397	-	-	144,397	3.40

(c) Market risk: Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group and the Company are exposed to foreign currency risk primarily through the holding of CME Group shares which are denominated in United States Dollar (USD) and transactions in USD.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)

(c) Market risk: Foreign currency risk (cont'd.)

The Group and the Company do not hedge their currency exposures. The following table shows the accumulated amount of material financial assets and liabilities which are unhedged:

	2014		2013	
	USD RM'000	SGD RM'000	USD RM'000	SGD RM'000
Group				
Financial assets				
Investment securities - shares quoted outside Malaysia	118,631	-	98,584	-
Trade receivables	881	-	1,063	-
	119,512	-	99,647	-
Financial liabilities				
Other payables	5,067	64	3,662	54
Company				
Financial assets				
Investment securities - shares quoted outside Malaysia	118,631	-	98,584	-
Financial liabilities				
Other payables	-	64	66	54

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

	USD RM'000	SGD RM'000	JPY RM'000	Total RM'000
Group				
At 31 December 2014				
Financial assets				
Cash for trading margins and security deposits	165,937	892	4,643	171,472
Financial liabilities				
Trade payables	(165,937)	(892)	(4,643)	(171,472)
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)

(c) Market risk: Foreign currency risk (cont'd.)

	USD RM'000	SGD RM'000	Total RM'000
Group			
At 31 December 2013			
Financial assets			
Cash for trading margins and security deposits	275,500	1,045	276,545
Financial liabilities			
Trade payables	(275,500)	(1,045)	(276,545)
	-	-	-

The following table demonstrates the sensitivity of the Group and of the Company's profit after tax and equity to a reasonably possible change in the exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

	Group		Company	
	Profit after tax RM'000	Equity RM'000	Profit after tax RM'000	Equity RM'000
At 31 December 2014				
USD - strengthen by 5% against RM	(157)	5,932	-	5,932
SGD - strengthen by 5% against RM	(2)	(2)	(2)	(2)
At 31 December 2013				
USD - strengthen by 5% against RM	(98)	4,927	(3)	4,927
SGD - strengthen by 5% against RM	(2)	(2)	(2)	(2)

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

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its financial obligations due to a shortage of funds.

(i) Liabilities related risk

The Group and the Company maintain sufficient levels of cash and cash equivalents to meet working capital requirements. The Group and the Company also maintain a reasonable level of banking facilities for contingency operational requirements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)

(d) Liquidity risk (cont'd.)

(i) Liabilities related risk (cont'd.)

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

	Maturity			Total RM'000
	On demand RM'000	Less than three months RM'000	Three to twelve months RM'000	
Group				
At 31 December 2014				
Current liabilities				
Other payables which are financial liabilities	11,782	13,804	723	26,309
At 31 December 2013				
Current liabilities				
Other payables which are financial liabilities	10,600	10,590	1,368	22,558
Company				
At 31 December 2014				
Current liabilities				
Other payables which are financial liabilities	3,137	3,241	723	7,101
At 31 December 2013				
Current liabilities				
Other payables which are financial liabilities	3,044	2,991	1,368	7,403

(ii) Clearing and settlement related risk

The clearing house subsidiaries of the Group act as a counterparty to eligible trades concluded on the securities and derivatives markets through the novation of obligations of the buyers and sellers. The Group mitigates this exposure by establishing financial criteria for admission as participants, monitoring participants' position limits and requiring that margins and collaterals on outstanding positions be placed with the clearing houses. CGF and DCF, as disclosed in Note 26(e), were set up to further mitigate this risk.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)**(d) Liquidity risk (cont'd.)****(ii) Clearing and settlement related risk (cont'd.)**

The liabilities and corresponding assets in relation to clearing and settlement risk as at the financial year end are shown below:

	Note	On demand	
		2014 RM'000	2013 RM'000
Group			
Current assets			
Cash for trading margins, security deposits and SBL collaterals	22	715,815	734,318
Cash and bank balances of Clearing Funds - Participants' contribution	23	36,261	35,374
Current liabilities			
Trade payables		(715,815)	(734,318)
Participants' contribution to Clearing Funds		(36,261)	(35,374)
		-	-

(e) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group and the Company are exposed to credit risk primarily from investment securities, staff loans receivable, trade receivables, other receivables which are financial assets and cash and bank balances with financial institutions.

As at the current and previous financial year end, the Group and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

For investment securities and cash and bank balances with financial institutions, the Group and the Company minimise credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. Receivables are monitored to ensure that exposure to bad debts are minimised.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)

(e) Credit risk (cont'd.)

Investment securities and cash and bank balances

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

	Counterparty risk ratings					Total RM'000
	GG RM'000	P1 RM'000	AAA RM'000	AA RM'000	A RM'000	
Group						
At 31 December 2014						
Cash and bank balances	-	-	640,575	352,662	64,524	1,057,761
AFS financial assets - unquoted bonds	-	-	9,976	96,856	-	106,832
HTM investment - commercial papers	-	4,902	-	-	-	4,902
At 31 December 2013						
Cash and bank balances	-	-	710,502	388,697	53,160	1,152,359
AFS financial assets - unquoted bonds	1,939	-	26,840	72,683	-	101,462
HTM investment - commercial papers	-	14,632	-	-	-	14,632
Company						
At 31 December 2014						
Cash and bank balances	-	-	17,893	37,405	1,353	56,651
AFS financial assets - unquoted bonds	-	-	-	27,026	-	27,026
HTM investment - commercial papers	-	4,902	-	-	-	4,902
At 31 December 2013						
Cash and bank balances	-	-	42,506	81,973	20,280	144,759
AFS financial assets - unquoted bonds	1,939	-	6,861	17,745	-	26,545
HTM investment - commercial papers	-	9,723	-	-	-	9,723

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)

(e) Credit risk (cont'd.)

Receivables

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

	Note	Total RM'000	Impaired RM'000	Neither past due nor impaired RM'000	Past due not impaired					Total past due not impaired RM'000
					< 30 days RM'000	31-60 days RM'000	61-90 days RM'000	91-180 days RM'000	>181 days RM'000	
Group										
At 31 December 2014										
Staff loans receivable	17	6,671	-	6,671	-	-	-	-	-	-
Trade receivables	19	41,677	388	32,667	4,426	2,440	346	1,043	367	8,622
Other receivables which are financial assets *	20	15,456	6,268	9,188	-	-	-	-	-	-
At 31 December 2013										
Staff loans receivable	17	7,944	-	7,944	-	-	-	-	-	-
Trade receivables	19	33,234	501	26,388	3,394	1,167	380	480	924	6,345
Other receivables which are financial assets *	20	16,694	7,004	9,690	-	-	-	-	-	-
Company										
At 31 December 2014										
Staff loans receivable	17	6,078	-	6,078	-	-	-	-	-	-
Trade receivables	19	1,196	258	354	270	83	84	102	45	584
Other receivables which are financial assets *	20	8,376	2,584	5,792	-	-	-	-	-	-
Due from subsidiaries	21	44,702	11,855	32,847	-	-	-	-	-	-
At 31 December 2013										
Staff loans receivable	17	7,259	-	7,259	-	-	-	-	-	-
Trade receivables	19	1,480	194	498	506	63	56	54	109	788
Other receivables which are financial assets *	20	8,883	2,675	6,208	-	-	-	-	-	-
Due from subsidiaries	21	42,533	11,851	30,682	-	-	-	-	-	-

* Other receivables which are financial assets include deposits, interest receivables and sundry receivables.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)

(e) Credit risk (cont'd.)

(i) Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and with the Company. The Group and the Company's trade receivables credit term ranges from seven days to 30 days, except for trade receivables relating to fees due from clearing participants for clearing and settlement services where payment is due three market days from the month end.

None of the Group and the Company's receivables that are neither past due nor impaired have been renegotiated during the current and previous financial years.

The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single clearing participant or counterparty.

(ii) Receivables that are impaired

The Group and the Company's receivables that are impaired at the financial year end and the movement of the allowance accounts used to record the impairment are as follows:

	Trade receivables		Other receivables	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Group				
At nominal amounts	388	601	6,268	7,004
Less: Allowance for impairment	(388)	(501)	(6,268)	(7,004)
	-	100	-	-
Movement in allowance accounts:				
At 1 January	501	458	7,004	7,024
Charge/(reversal) of impairment loss for the year	63	43	(736)	(20)
Written off	(176)	-	-	-
At 31 December	388	501	6,268	7,004

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

36. Financial risk management objectives and policies (cont'd.)

(e) Credit risk (cont'd.)

(ii) Receivables that are impaired (cont'd.)

The Group and the Company's receivables that are impaired at the financial year end and the movement of the allowance accounts used to record the impairment are as follows: (cont'd.)

	Trade receivables		Other receivables		Due from subsidiaries	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Company						
At nominal amounts	258	194	2,584	2,675	11,855	11,851
Less: Allowance for impairment	(258)	(194)	(2,584)	(2,675)	(11,855)	(11,851)
	-	-	-	-	-	-
Movement in allowance accounts:						
At 1 January	194	206	2,675	2,695	11,851	11,851
Charge/(reversal) of impairment loss for the year	64	(12)	(91)	(20)	4	-
At 31 December	258	194	2,584	2,675	11,855	11,851

Receivables that are individually determined to be impaired at the financial year end relate to debtors that are in significant financial difficulties and have defaulted on payments.

Receivables are not secured by any collateral or credit enhancements other than as disclosed in Note 22.

37. Classification of financial instruments

The Group and the Company's financial assets and financial liabilities are measured on an ongoing basis at either fair value or at amortised cost based on their respective classification. The significant accounting policies in Note 2.4 describe how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities of the Group and of the Company in the statements of financial position by the classes and categories of financial instruments to which they are assigned, and therefore by the measurement basis.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

37. Classification of financial instruments (cont'd.)

	AFS RM'000	HTM RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group					
At 31 December 2014					
Assets					
Investment securities					
- Shares (quoted equity)	118,631	-	-	-	118,631
- Bonds	106,832	-	-	-	106,832
- Commercial papers	-	4,902	-	-	4,902
	225,463	4,902	-	-	230,365
Staff loans receivable	-	-	6,671	-	6,671
Trade receivables	-	-	41,289	-	41,289
Other receivables which are financial assets *	-	-	9,188	-	9,188
Cash for trading margins, security deposits, SBL collaterals and eDividend distributions	-	-	717,133	-	717,133
Cash and bank balances of Clearing Funds	-	-	126,261	-	126,261
Cash and bank balances	-	-	214,367	-	214,367
Total financial assets	225,463	4,902	1,114,909	-	1,345,274
Liabilities					
Trade payables	-	-	-	715,815	715,815
Participants' contributions to Clearing Funds	-	-	-	36,261	36,261
Other payables which are financial liabilities **	-	-	-	26,309	26,309
Total financial liabilities	-	-	-	778,385	778,385

* Other receivables which are financial assets include deposits, interest receivables, sundry receivables and allowance for impairment as disclosed in Note 20.

** Other payables which are financial liabilities include amount due to Securities Commission and sundry payables as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

37. Classification of financial instruments (cont'd.)

	AFS RM'000	HTM RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Group					
At 31 December 2013					
Assets					
Investment securities					
- Shares (quoted equity)	98,584	-	-	-	98,584
- Bonds	101,462	-	-	-	101,462
- Commercial papers	-	14,632	-	-	14,632
	200,046	14,632	-	-	214,678
Staff loans receivable	-	-	7,944	-	7,944
Trade receivables	-	-	32,733	-	32,733
Other receivables which are financial assets *	-	-	9,690	-	9,690
Cash for trading margins, security deposits, SBL collaterals and eDividend distributions	-	-	735,543	-	735,543
Cash and bank balances of Clearing Funds	-	-	65,374	-	65,374
Cash and bank balances	-	-	351,442	-	351,442
Total financial assets	200,046	14,632	1,202,726	-	1,417,404
Liabilities					
Trade payables	-	-	-	734,318	734,318
Participants' contributions to Clearing Funds	-	-	-	35,374	35,374
Other payables which are financial liabilities **	-	-	-	22,558	22,558
Total financial liabilities	-	-	-	792,250	792,250

* Other receivables which are financial assets include deposits, interest receivables, sundry receivables and allowance for impairment as disclosed in Note 20.

** Other payables which are financial liabilities include amount due to Securities Commission and sundry payables as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

37. Classification of financial instruments (cont'd.)

	AFS RM'000	HTM RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Company					
At 31 December 2014					
Assets					
Investment securities					
- Shares (quoted equity)	118,631	-	-	-	118,631
- Bonds	27,026	-	-	-	27,026
- Commercial papers	-	4,902	-	-	4,902
	145,657	4,902	-	-	150,559
Staff loans receivable	-	-	6,078	-	6,078
Trade receivables	-	-	938	-	938
Other receivables which are financial assets *	-	-	5,792	-	5,792
Due from subsidiaries	-	-	32,847	-	32,847
Cash and bank balances	-	-	56,651	-	56,651
Total financial assets	145,657	4,902	102,306	-	252,865
Liability					
Other payables which are financial liabilities **	-	-	-	7,101	7,101

* Other receivables which are financial assets include deposits, interest receivables, sundry receivables and allowance for impairment as disclosed in Note 20.

** Other payables which are financial liabilities include sundry payables as disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

37. Classification of financial instruments (cont'd.)

	AFS RM'000	HTM RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
Company					
At 31 December 2013					
Assets					
Investment securities					
- Shares (quoted equity)	98,584	-	-	-	98,584
- Bonds	26,545	-	-	-	26,545
- Commercial papers	-	9,723	-	-	9,723
	125,129	9,723	-	-	134,852
Staff loans receivable	-	-	7,259	-	7,259
Trade receivables	-	-	1,286	-	1,286
Other receivables which are financial assets *	-	-	6,208	-	6,208
Due from subsidiaries	-	-	30,682	-	30,682
Cash and bank balances	-	-	144,759	-	144,759
Total financial assets	125,129	9,723	190,194	-	325,046
Liability					
Other payables which are financial liabilities **	-	-	-	7,403	7,403

* Other receivables which are financial assets include deposits, interest receivables, sundry receivables and allowance for impairment as disclosed in Note 20.

** Other payables which are financial liabilities include sundry payables as disclosed in Note 30.

38. Fair value

(a) Financial instruments that are carried at fair value

AFS financial assets 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 values.

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets.

Quoted equity is measured at Level 1. The fair value of quoted equity is determined directly by reference to its published market bid price at the financial year end.

- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. prices) or indirectly (i.e. 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 price of unquoted fixed income securities based on information provided by Bond Pricing Agency Malaysia Sdn Bhd.

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38. Fair value (cont'd.)

(a) Financial instruments that are carried at fair value (cont'd.)

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

The Group and the Company do not have any financial assets in Level 3 as at the financial year end.

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Group			
At 31 December 2014			
Asset			
AFS financial assets	118,631	106,832	225,463
At 31 December 2013			
Asset			
AFS financial assets	98,584	101,462	200,046
Company			
At 31 December 2014			
Asset			
AFS financial assets	118,631	27,026	145,657
At 31 December 2013			
Asset			
AFS financial assets	98,584	26,545	125,129

There were no transfers between Level 1 and Level 2 during the current and previous financial years.

The Group and the Company do not have any financial liabilities carried at fair value nor any financial liabilities classified as Level 3 as at 31 December 2014 and 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

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38. Fair value (cont'd.)**(b) Financial instruments that are not carried at fair value**

Financial instruments classified as HTM investments, loans and receivables and financial liabilities are carried at amortised cost.

The carrying amount of these financial instruments, other than staff loans receivable, are reasonable approximation of their fair values due to their short-term nature:

	Note
HTM investment securities	16
Trade receivables	19
Other receivables which are financial assets (except staff loans receivable within 12 months)	20
Due from subsidiaries	21
Cash for trading margins, security deposits, SBL collaterals and eDividend distributions	22
Cash and bank balances of Clearing Funds	23
Cash and bank balances of the Group and of the Company	24
Trade payables	22
Participants' contributions to Clearing Funds	23
Other payables which are financial liabilities	30

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 staff loans receivable is measured at level 3 under the measurement hierarchy.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
At 31 December 2014				
Staff loans receivable (Note 17)	6,671	6,416	6,078	5,843
At 31 December 2013				
Staff loans receivable (Note 17)	7,944	7,641	7,259	6,981

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39. Capital management

The Group manages its capital with the objective of maximising shareholders returns. To achieve this, the Group takes into consideration and ensures the sufficiency of funds for operations, risk management and development. Although the Group's policy is to distribute at least 75% of its profits to shareholders, it has been able thus far to distribute at least 90% of its profits every year whilst ensuring that its pool of funds for future development is at a sufficient level.

The Group is not subject to any externally imposed capital requirements. However, the Group is required to set aside funds for the CGF and DCF in accordance with the business rules of its clearing house subsidiaries.

Total capital managed at Group level, which comprises shareholders' funds and deferred capital grants, stood at RM753,893,000 (2013: RM818,919,000) as at the end of the respective financial year.

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

40. Segment information

(a) Reporting format

For management reporting purposes, the Group is organised into operating segments based on market segments as the Group's risks and rates of return are affected predominantly by the macro environment of the different markets.

The securities, derivatives and others market segments are managed by the respective segment divisional heads responsible for the performance of the respective segments under their charge.

(b) Market segments

The four major market segments of the Group are as follows:

- (i) The securities market mainly comprises the provision and operation of the listing, trading, clearing, depository services and provision and dissemination of information relating to equity securities quoted on exchanges for the securities market.
- (ii) The derivatives market mainly comprises the provision and operation of the trading, clearing, depository services and provision and dissemination of information relating to derivative products quoted on exchanges for the derivatives market.
- (iii) The exchange holding business refers to the operation of the Company which functions as an investment holding company.
- (iv) Others mainly comprises the provision of a Shari'ah compliant commodity trading platform, a reporting platform for bond traders and the provision of an offshore market.

(c) Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, overheads and income tax expenses.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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40. Segment information (cont'd.)

Market segments

	Securities market RM'000	Derivatives market RM'000	Exchange holding RM'000	Others RM'000	Consolidated RM'000
At 31 December 2014					
Operating revenue	368,080	85,769	6,905	10,514	471,268
Other income	12,731	3,633	15,990	134	32,488
Direct costs	(86,474)	(48,566)	(31,794)	(5,297)	(172,131)
Segment profit/(loss)	294,337	40,836	(8,899)	5,351	331,625
Overheads					(59,866)
Profit before tax					271,759
Segment assets					
Assets	382,468	105,950	284,890	33,387	806,695
Clearing Funds	98,832	27,429	-	-	126,261
Cash for trading margins, security deposits and eDividend distributions	1,318	715,815	-	-	717,133
Segment assets	482,618	849,194	284,890	33,387	1,650,089
Unallocated corporate assets					6,394
Total assets					1,656,483
Segment liabilities					
Liabilities	24,367	13,371	55,087	31,187	124,012
Participants' contribution to Clearing Funds	13,832	22,429	-	-	36,261
Trading margins and eDividend distributions	1,318	715,815	-	-	717,133
Segment liabilities	39,517	751,615	55,087	31,187	877,406
Unallocated corporate liabilities					16,376
Total liabilities					893,782

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31 December 2014

40. Segment information (cont'd.)

Market segments (cont'd.)

	Securities market RM'000	Derivatives market RM'000	Exchange holding RM'000	Others RM'000	Consolidated RM'000
At 31 December 2014					
Other information					
Depreciation and amortisation in:					
Segments	7,285	4,761	1,616	976	14,638
Overheads	-	-	-	-	10,649
Other significant non-cash expenses:					
Net reversal of impairment loss on trade and other receivables	(560)	(85)	(28)	-	(673)
Property, plant and equipment and computer software written off	-	-	5	-	5
Retirement benefit obligations	-	-	-	-	1,414
SGP expense in:					
Segments	3,710	964	2,788	259	7,721
Overheads	-	-	-	-	1,544

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

40. Segment information (cont'd.)

Market segments (cont'd.)

	Securities market RM'000	Derivatives market RM'000	Exchange holding RM'000	Others RM'000	Consolidated RM'000
At 31 December 2013					
Operating revenue	338,827	84,433	10,191	6,371	439,822
Other income	10,108	3,284	21,654	126	35,172
Direct costs	(92,089)	(43,589)	(28,750)	(5,615)	(170,043)
Segment profit	256,846	44,128	3,095	882	304,951
Overheads					(59,371)
Profit before tax					245,580
Segment assets					
Assets	415,821	128,963	357,617	30,085	932,486
Clearing Funds	38,178	27,196	-	-	65,374
Cash for trading margins, security deposits, SBL collaterals and eDividend distributions	1,942	733,601	-	-	735,543
Segment assets	455,941	889,760	357,617	30,085	1,733,403
Unallocated corporate assets					8,260
Total assets					1,741,663
Segment liabilities					
Liabilities	19,696	11,877	62,683	30,371	124,627
Participants' contribution to Clearing Funds	13,178	22,196	-	-	35,374
Trading margins, SBL collaterals and eDividend distributions	1,942	733,601	-	-	735,543
Segment liabilities	34,816	767,674	62,683	30,371	895,544
Unallocated corporate liabilities					18,638
Total liabilities					914,182

NOTES TO THE FINANCIAL STATEMENTS

31 December 2014

40. Segment information (cont'd.)

Market segments (cont'd.)

	Securities market RM'000	Derivatives market RM'000	Exchange holding RM'000	Others RM'000	Consolidated RM'000
At 31 December 2013					
Other information					
Depreciation and amortisation in:					
Segments	17,541	3,974	1,283	1,046	23,844
Overheads	-	-	-	-	11,120
Other significant non-cash expenses:					
Net impairment loss/(reversal of impairment loss) on trade and other receivables	79	(24)	(32)	-	23
Property, plant and equipment and computer software written off	1,568	-	-	-	1,568
Retirement benefit obligations	-	-	-	-	1,481
SGP expense in:					
Segments	2,084	633	2,320	79	5,116
Overheads	-	-	-	-	1,102

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41. Supplementary information pursuant to Bursa Malaysia Securities Listing Requirements

The following breakdown and components of retained earnings are identified and disclosed 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 Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2014 RM'000	2013 RM'000	2014 RM'000	2013 RM'000
Total retained earnings:				
Realised	315,853	395,350	184,710	290,150
Unrealised	(3,893)	(11,414)	(5,249)	(9,355)
	311,960	383,936	179,461	280,795
Consolidation adjustments	(6,742)	(974)	-	-
	305,218	382,962	179,461	280,795