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

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

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

Effective for financial periods beginning on or after 1 January 2017

MFRS 15	*Revenue from Contracts with Customers*

Effective for financial periods beginning on or after 1 January 2018

MFRS 9	*Financial Instruments (IFRS 9 as issued by International Accounting Standards Board in July 2014)*

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.

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.

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.

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

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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.

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

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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).

3. Operating revenue

	Group 2014 RM'000	Group 2013 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 RM'000	Company 2013 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

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4. Other income

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	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	2013	2014	2013
	RM'000	RM'000	RM'000	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.

6. Depreciation and amortisation

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	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	2013	2014	2013
	RM'000	RM'000	RM'000	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.

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8. Directors' remuneration

	Group and Company	
	2014	**2013**
	RM'000	**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

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8. **Directors' remuneration (cont'd.)**

	2014		2013	
	Directors' fees RM'000	Other allowances[1]/ salaries RM'000	Directors' fees RM'000	Other allowances[1]/ salaries RM'000
Tun Mohamed Dzaiddin 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 Karownakaran @ Karunakaran 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

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9. Income tax expense

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 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 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 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.

NOTES TO THE FINANCIAL STATEMENTS

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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

NOTES TO THE FINANCIAL STATEMENTS

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11. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	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)	Office equipment, furniture and fittings	Computers and office automation	Motor vehicles	Projects-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	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

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

Company	Note	Buildings and office lots (Note a)	Office equipment, furniture and fittings	Computers and office automation	Motor vehicles	Projects-in-progress	Total
		RM'000	RM'000	RM'000	RM'000	RM'000	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

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

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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

13. Computer software

	Note	2014 Implemented projects RM'000	2014 Projects-in-progress RM'000	2014 Total RM'000	2013 Implemented projects RM'000	2013 Projects-in-progress RM'000	2013 Total 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.

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15. Investments in subsidiaries

	Company 2014 RM'000	Company 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 2014 %	Proportion of ownership interest 2013 %	Ordinary paid-up capital as at 31.12.2014 RM'000	Principal activities
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.

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15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Proportion of ownership interest 2014	2013	Ordinary paid-up capital as at 31.12.2014	Principal activities
	%	%	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

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17. Staff loans receivable

	Group 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 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 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 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 2014 RM'000	Group 2013 RM'000	Company 2014 RM'000	Company 2013 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)

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

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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	2013	2014	2013
	RM'000	RM'000	RM'000	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

20. Other receivables

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	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	2013
	RM'000	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

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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.

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23. Cash and bank balances of Clearing Funds

Group	Participants' contribution	Cash set aside by the Group	Total
	RM'000	RM'000	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

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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.

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	2013	2014	2013
	RM'000	RM'000	RM'000	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	2013	2014	2013
	'000	'000	RM'000	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

		Group		Company	
		2014	2013	2014	2013
	Note	RM'000	RM'000	RM'000	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

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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.

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	Group 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	Group 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.

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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

28. Employee benefits (cont'd.)

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

The movements in the net liability were as follows:

		Group and Company		
	Note	Present value of funded defined benefit obligations	Fair value of plan assets	Total
		RM'000	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

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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.

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.

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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:

		Movements during the year			
2014	At 1 January '000	Granted '000	Vested '000	Forfeited '000	At 31 December '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

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 contigencies attached to these grants.

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30. Other payables

	Group		Company	
	2014	2013	2014	2013
	RM'000	RM'000	RM'000	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	2013
	RM'000	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.

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.

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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).

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)).

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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

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.

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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	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**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	**2013**
	RM'000	**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

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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.

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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	2013	2014	2013
	RM'000	RM'000	RM'000	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.

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				
	Less than one year RM'000	One to five years RM'000	More than five years RM'000	Total RM'000	Effective interest rate %
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.

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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	SGD	USD	SGD
	RM'000	RM'000	RM'000	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	SGD	JPY	Total
	RM'000	RM'000	RM'000	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)**
	-	**-**	**-**	**-**

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.

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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			
	On demand	Less than three months	Three to twelve months	Total
	RM'000	RM'000	RM'000	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.

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	On demand 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.

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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					
	GG	P1	AAA	AA	A	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	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	Impaired	Neither past due nor impaired	Past due not impaired < 30 days	31-60 days	61-90 days	91-180 days	>181 days	Total past due not impaired
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	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.

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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	**2013**	**2014**	**2013**
	RM'000	**RM'000**	**RM'000**	**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

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	2013	2014	2013	2014	2013
	RM'000	RM'000	RM'000	RM'000	RM'000	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	HTM	Loans and receivables	Financial liabilities at amortised cost	Total
	RM'000	RM'000	RM'000	RM'000	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.

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

	AFS	HTM	Loans and receivables	Financial liabilities at amortised cost	Total
	RM'000	RM'000	RM'000	RM'000	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.

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 RM'000	Fair value RM'000	Carrying amount RM'000	Fair value 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.

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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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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

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

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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