BURSA MALAYSIA BERHAD

(30632-P)

(Incorporated in Malaysia)

Directors' Report and Audited Financial Statements
31 December 2018

30632-P

Bursa Malaysia Berhad
(Incorporated in Malaysia)

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Bursa Malaysia Berhad
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Directors' report

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal activities

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

The principal activities of the subsidiaries are to operate the Malaysian securities, derivatives and offshore exchanges and the Shariah-compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. Other information relating to the respective subsidiaries are disclosed in Note 17 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year	230,614	232,787
Profit attributable to:		
Owners of the Company	224,042	232,787
Non-controlling interest	6,572	-
	230,614	232,787

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

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

Dividends

The amount of dividends paid by the Company since 31 December 2017 were as follows:

	RM'000
In respect of the financial year ended 31 December 2018:	
First single-tier interim dividend of 14.0 sen per share, on 807,475,000 ordinary shares, declared on 30 July 2018 and paid on 29 August 2018	113,046
Single-tier special dividend of 8.0 sen per share, on 807,475,000 ordinary shares, declared on 30 July 2018 and paid on 29 August 2018	64,598
In respect of the financial year ended 31 December 2017, as reported in the Directors' report of that year:	
Second single-tier interim dividend of 18.5 sen per share, on 537,501,000 ordinary shares, approved on 5 February 2018 and paid on 5 March 2018	99,438
Total dividends paid since 31 December 2017	277,082

On 30 January 2019, the Board of Directors approved and declared a second single-tier interim dividend of 11.6 sen per share in respect of the financial year ended 31 December 2018. The dividend amounting to approximately RM93,667,000 will be payable on 28 February 2019. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

Directors

The names of the Directors of the Company in office since the beginning of the current financial year to the date of this report are:

Tan Sri Amirsham bin A Aziz
Datuk Seri Tajuddin bin Atan
Datuk Karownakaran @ Karunakaran a/l Ramasamy
Datuk Chay Wai Leong
Ghazali bin Haji Darman
Pushpanathan a/l S.A. Kanagarayar
Johari bin Abdul Muid
Datin Mariam Prudence binti Yusof
Datin Grace Yeoh Cheng Geok
Chong Chye Neo (appointed on 21 December 2018)

Directors (cont'd.)

On 19 December 2018, the Company announced that Datuk Seri Tajuddin bin Atan will retire as the Director of the Company, and Datuk Muhamad Umar Swift will be appointed as the Director of the Company, both effective on 11 February 2019.

On 30 January 2019, the Company announced that Tan Sri Amirsham bin A Aziz will retire as the Director of the Company, and Datuk Shireen Ann Zaharah binti Muhiudeen will be appointed as the Director of the Company, both effective on 1 March 2019.

The names of the directors of the Company's subsidiaries in office since the beginning of the current financial year to the date of this report are:

Datuk Seri Tajuddin bin Atan
Datuk Chay Wai Leong
Johari bin Abdul Muid
Datin Mariam Prudence binti Yusof
Datin Grace Yeoh Cheng Geok
William Francis Herder
Kuok Wee Kiat @ Kuck Wee Kiat
Mazidah binti Abdul Malik
Christopher Lee Fix
Rosidah binti Baharom

Directors' benefits

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

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as disclosed in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM55,000,000 and RM74,885 respectively.

Directors' interests

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

	← Number of ordinary shares →			
	At 1.1.2018 '000	Bonus issue '000	Shares vested under the SGP '000	At 31.12.2018 '000
Direct interests				
Datuk Seri Tajuddin bin Atan	909	455	29	1,393
Datin Mariam Prudence binti Yusof	19	10	-	29

	← Number of ordinary shares granted under the SGP →					
	1.1.2018 '000	Bonus issue '000	Granted '000	Vested '000	Forfeited '000	31.12.2018 '000
Datuk Seri Tajuddin bin Atan	166	83	62	(29)	(64)	218

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

Issue of shares

During the financial year, the Company increased its issued and paid-up share capital from 537,501,000 ordinary shares to 807,475,000 ordinary shares by way of:

(a) a bonus issue of 268,750,000 new ordinary shares, credited as fully paid-up share capital on the basis of one new ordinary share for every two existing ordinary shares through capitalisation of the share premium and retained earnings of the Company of RM119,052,000 and RM15,323,000 respectively.

(b) issuance of 1,224,000 new ordinary shares amounting to RM6,650,000 arising from the Company's SGP, as disclosed in Note 30(b) to the financial statements.

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

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Share Grant Plan

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

The salient features, terms and details of the SGP are as disclosed in Note 30(b) to the financial statements.

During the financial year, the Company granted 1,023,000 ordinary shares under the RSP and 288,000 ordinary shares under the PSP to its eligible employees. The details of the shares granted under the SGP and its vesting conditions are disclosed in Note 30(b) to the financial statements.

Other statutory information

(a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

  (i) it necessary to write off bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

  (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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Other statutory information (cont'd.)

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

The significant events are disclosed in Note 42 to the financial statements.

Auditors and auditors' remuneration

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

The auditors' remuneration of the Group and of the Company are disclosed in Note 7 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 January 2019.

Tan Sri Amirsham bin A Aziz

Datuk Seri Tajuddin bin Atan

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Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Amirsham bin A Aziz and Datuk Seri Tajuddin bin Atan, being two of the Directors of Bursa Malaysia Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 14 to 121 are drawn up in accordance with the Malaysian Financial Reporting Standards, the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 30 January 2019.

Tan Sri Amirsham bin A Aziz

Datuk Seri Tajuddin bin Atan

Statutory declaration
Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Rosidah binti Baharom, being the Officer primarily responsible for the financial management of Bursa Malaysia Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 14 to 121 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed Rosidah binti Baharom
at Kuala Lumpur in the Federal Territory
on 30 January 2019.

Rosidah binti Baharom

Before me,

PESURUHJAYA SUMPAH
No. W 710
MOHAN A.S. MANIAM
1.1.2019 hingga
31.12.2021
MALAYSIA

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Independent auditors' report to the members of Bursa Malaysia Berhad (Incorporated in Malaysia)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bursa Malaysia Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Key audit matters

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

We have fulfilled the responsibilities described in *the Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters.

**Independent auditors' report to the members of
Bursa Malaysia Berhad (cont'd.)
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Report on the audit of the financial statements (cont'd.)

Key audit matters (cont'd.)

Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Description	Responses
The risk that (i) goodwill and (ii) investment in subsidiaries may be impaired. (i) Goodwill The Group's and Company's goodwill balances as at 31 December 2018 stood at RM42,957,000 and RM29,494,000, respectively. (ii) Investment in subsidiaries As at 31 December 2018, the carrying amount of investment in subsidiaries in the statement of financial position of the Company stood at RM153,965,000. On an annual basis, management is required to perform impairment assessments for goodwill and investment in subsidiaries with impairment indicators. These assessments are significant to our audit as they involve significant management judgement and are based on assumptions that are affected by expected future market and economic conditions. This risk is also described in Note 2.5 to the financial statements.	Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group and the Company in performing the impairment assessments. We examined the cash flow forecasts which support management's impairment assessments. We evaluated the evidence supporting the underlying assumptions in those forecasts, by comparing revenue and expenses to approved budgets, considering prior budget accuracy, and comparing expected growth rates to relevant market expectations. We tested the weighted-average cost of capital discount rates assigned to the cash generating units, as well as the long-term growth rates, with reference to our understanding of the business. We performed sensitivity analyses on the key inputs to impairment models, to understand the impact that reasonable alternative assumptions would have on the overall carrying value. We also reviewed the adequacy of the Group's and the Company's disclosures about those assumptions to which the outcome of the impairment test is most sensitive.

**Independent auditors' report to the members of
Bursa Malaysia Berhad (cont'd.)
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Report on the audit of the financial statements (cont'd.)

Information other than the financial statements and auditors' report thereon

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

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

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

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

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

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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Independent auditors' report to the members of
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Report on the audit of the financial statements (cont'd.)

Responsibilities of the directors for the financial statements (cont'd.)

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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Independent auditors' report to the members of Bursa Malaysia Berhad (cont'd.)
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Report on the audit of the financial statements (cont'd.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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**Independent auditors' report to the members of
Bursa Malaysia Berhad (cont'd.)
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Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Dato' Megat Iskandar Shah Bin Mohamad Nor
No. 03083/07/2019 J
Chartered Accountant

Kuala Lumpur, Malaysia
30 January 2019

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Statements of profit or loss
For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Operating revenue	3	523,291	522,080	424,940	405,414
Other income	4	26,713	34,752	10,695	19,112
		550,004	556,832	435,635	424,526
Staff costs	5	(135,293)	(137,525)	(128,877)	(131,695)
Depreciation and amortisation	6	(21,970)	(23,800)	(20,280)	(22,097)
Other operating expenses	7	(84,032)	(89,089)	(54,485)	(56,002)
Profit from operations		308,709	306,418	231,993	214,732
Finance costs	8	(534)	(535)	(534)	(535)
Profit before tax		308,175	305,883	231,459	214,197
Taxation	10	(77,561)	(75,674)	1,328	3,074
Profit for the year		230,614	230,209	232,787	217,271
Profit attributable to:					
Owners of the Company		224,042	223,040	232,787	217,271
Non-controlling interest		6,572	7,169	-	-
		230,614	230,209	232,787	217,271
Earnings per share attributable to owners of the Company (sen per share):					
Basic	11(a)	27.8	27.7		
Diluted	11(b)	27.7	27.6		

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

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Statements of comprehensive income
For the financial year ended 31 December 2018

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit for the year	230,614	230,209	232,787	217,271
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
Gain/(Loss) on foreign currency translation	74	(329)	-	-
Net fair value changes in unquoted bonds at fair value through other comprehensive income ("FVTOCI")	21	36	-	-
Income tax effects relating to unquoted bonds at FVTOCI (Note 20)	(23)	(16)	-	-
	72	(309)	-	-
Items that will not be subsequently reclassified to profit or loss:				
Actuarial gain on defined benefit obligations (Note 30(a))	246	350	246	350
Net fair value changes in quoted shares at FVTOCI	71,187	29,155	71,187	29,155
Income tax effects relating to actuarial gain on defined benefit obligations (Note 20)	(59)	(84)	(59)	(84)
	71,374	29,421	71,374	29,421
Total other comprehensive income for the year, net of income tax	71,446	29,112	71,374	29,421
Total comprehensive income for the year	302,060	259,321	304,161	246,692
Total comprehensive income attributable to:				
Owners of the Company	295,488	252,152	304,161	246,692
Non-controlling interest	6,572	7,169	-	-
	302,060	259,321	304,161	246,692

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

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Bursa Malaysia Berhad
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Statements of financial position
As at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	171,424	179,298	171,418	179,274
Computer software	14	40,347	40,841	34,123	33,071
Right-of-use assets	15(a)	8,296	8,407	8,296	8,407
Goodwill	16	42,957	42,957	29,494	29,494
Investment in subsidiaries	17	-	-	153,965	153,965
Investment securities	18	338,140	281,779	297,993	226,806
Staff loans receivable	19	2,287	2,918	1,935	2,558
Deferred tax assets	20	7,455	6,747	5,049	3,691
		610,906	562,947	702,273	637,266
Current assets					
Trade receivables	21	38,600	47,218	1,808	1,788
Other receivables	22	18,572	15,964	14,345	11,328
Amount due from subsidiaries	23	-	-	12,331	20,209
Tax recoverable		2,961	4,352	2,478	2,917
Investment securities	18	34,935	25,039	4,923	-
Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions	24	1,375,995	1,168,526	-	-
Cash and bank balances of Clearing Funds	25	129,806	129,628	-	-
Cash and bank balances of the Group/Company	26	222,785	271,207	44,408	88,066
		1,823,654	1,661,934	80,293	124,308
Total assets		2,434,560	2,224,881	782,566	761,574

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Statements of financial position (cont'd.)
As at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Equity and liabilities					
Equity					
Share capital	27	424,142	402,169	418,892	396,919
Other reserves	28	251,311	179,938	220,466	149,165
Retained earnings	29	199,705	267,881	46,085	105,516
Equity attributable to owners of the Company		875,158	849,988	685,443	651,600
Non-controlling interest		12,291	12,469	-	-
Total equity		887,449	862,457	685,443	651,600
Non-current liabilities					
Retirement benefit obligations	30(a)	18,082	21,860	18,082	21,860
Deferred grants	31	2,805	2,038	1,871	972
Lease liabilities	15(b)	7,466	7,470	7,466	7,470
Deferred tax liabilities	20	1,388	1,729	-	-
		29,741	33,097	27,419	30,302
Current liabilities					
Trade payables	24(a)	1,375,955	1,166,024	-	-
Participants' contribution to Clearing Funds	25	39,806	39,628	-	-
Other payables	32	97,498	115,989	69,199	79,167
Lease liabilities	15(b)	505	505	505	505
Tax payable		3,606	7,181	-	-
		1,517,370	1,329,327	69,704	79,672
Total liabilities		1,547,111	1,362,424	97,123	109,974
Total equity and liabilities		2,434,560	2,224,881	782,566	761,574

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

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Statements of changes in equity
For the financial year ended 31 December 2018

Group	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Share grant reserve RM'000	Clearing fund reserves RM'000	FVTOCI reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		← Attributable to owners of the Company →								
		← Non-distributable →					Distributable			
At 1 January 2018		402,169	531	6,849	30,000	142,558	267,881	849,988	12,469	862,457
Profit for the year		-	-	-	-	-	224,042	224,042	6,572	230,614
Other comprehensive income for the year		-	74	-	-	71,185	187	71,446	-	71,446
Total comprehensive income for the year		-	74	-	-	71,185	224,229	295,488	6,572	302,060
Transactions with owners of the Company:										
Issuance of ordinary shares pursuant to:										
- bonus issue	27	15,323	-	-	-	-	(15,323)	-	-	-
- share grant plan ("SGP")	27	6,650	-	(6,650)	-	-	-	-	-	-
SGP expense (Note a)	5	-	-	6,764	-	-	-	6,764	-	6,764
Dividends paid	12	-	-	-	-	-	(277,082)	(277,082)	-	(277,082)
Dividends paid to non-controlling interest	17(b)(ii)	-	-	-	-	-	-	-	(6,750)	(6,750)
Total transactions with owners of the Company		21,973	-	114	-	-	(292,405)	(270,318)	(6,750)	(277,068)
At 31 December 2018		424,142	605	6,963	30,000	213,743	199,705	875,158	12,291	887,449

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Statements of changes in equity (cont'd.)
For the financial year ended 31 December 2018

		Attributable to owners of the Company										
		Non-distributable							Distributable			
Group	**Note**	**Share capital RM'000**	**Share premium RM'000**	**Capital redemption reserve RM'000**	**Foreign currency translation reserve RM'000**	**Share grant reserve RM'000**	**Clearing fund reserves RM'000**	**FVTOCI reserve RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interest RM'000**	**Total equity RM'000**
At 1 January 2017		268,136	119,052	5,250	860	8,350	30,000	113,383	323,909	868,940	18,300	887,240
Adjustments for effects of Companies Act 2016	27	124,302	(119,052)	(5,250)	-	-	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	223,040	223,040	7,169	230,209
Other comprehensive income for the year		-	-	-	(329)	-	-	29,175	266	29,112	-	29,112
Total comprehensive income for the year		-	-	-	(329)	-	-	29,175	223,306	252,152	7,169	259,321
Transactions with owners of the Company:												
Issuance of ordinary shares pursuant to SGP	27	9,731	-	-	-	(9,731)	-	-	-	-	-	-
SGP expense (Note a)	5	-	-	-	-	8,230	-	-	-	8,230	-	8,230
Dividends paid	12	-	-	-	-	-	-	-	(279,334)	(279,334)	-	(279,334)
Dividends paid to non-controlling interest	17(b)(ii)	-	-	-	-	-	-	-	-	-	(13,000)	(13,000)
Total transactions with owners of the Company		9,731	-	-	-	(1,501)	-	-	(279,334)	(271,104)	(13,000)	(284,104)
At 31 December 2017		402,169	-	-	531	6,849	30,000	142,558	267,881	849,988	12,469	862,457

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Bursa Malaysia Berhad
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Statements of changes in equity (cont'd.)
For the financial year ended 31 December 2018

Company	Note	← Non-distributable			→	Distributable	
		Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	FVTOCI reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2018		396,919	-	6,849	142,316	105,516	651,600
Profit for the year		-	-	-	-	232,787	232,787
Other comprehensive income for the year		-	-	-	71,187	187	71,374
Total comprehensive income for the year		-	-	-	71,187	232,974	304,161
Transactions with owners of the Company:							
Issuance of ordinary shares pursuant to:							
- bonus issue	27	15,323	-	-	-	(15,323)	-
- SGP	27	6,650	-	(6,650)	-	-	-
SGP expense (**Note a**)		-	-	6,764	-	-	6,764
Dividends paid	12	-	-	-	-	(277,082)	(277,082)
Total transactions with owners of the Company		21,973	-	114	-	(292,405)	(270,318)
At 31 December 2018		418,892	-	6,963	213,503	46,085	685,443

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Statements of changes in equity (cont'd.)
For the financial year ended 31 December 2018

Company	Note	Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	FVTOCI reserve RM'000	Retained earnings RM'000	Total equity RM'000
		← Non-distributable			→	Distributable	
At 1 January 2017		268,136	119,052	8,350	113,161	167,313	676,012
Adjustments for effects of Companies Act 2016	27	119,052	(119,052)	-	-	-	-
Profit for the year		-	-	-	-	217,271	217,271
Other comprehensive income for the year		-	-	-	29,155	266	29,421
Total comprehensive income for the year		-	-	-	29,155	217,537	246,692
Transactions with owners of the Company:							
Issuance of ordinary shares pursuant to SGP	27	9,731	-	(9,731)	-	-	-
SGP expense (**Note a**)		-	-	8,230	-	-	8,230
Dividends paid	12	-	-	-	-	(279,334)	(279,334)
Total transactions with owners of the Company		9,731	-	(1,501)	-	(279,334)	(271,104)
At 31 December 2017		396,919	-	6,849	142,316	105,516	651,600

Note a

SGP expense comprises RM6,477,000 (2017: RM8,033,000) relating to shares granted to the employees of the Company (as disclosed in Note 5) and RM287,000 (2017: RM197,000) relating to shares granted to the employees of Bursa Malaysia Derivatives Berhad.

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

Bursa Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
Profit before tax		308,175	305,883	231,459	214,197
Adjustments for:					
Amortisation of premiums/(accretion of discount), net	7	2	(10)	-	-
Depreciation and amortisation	6	21,970	23,800	20,280	22,097
Dividend income from investment securities	4	(4,960)	(6,852)	(4,960)	(6,852)
Grant income	4	(1,338)	(1,559)	(1,206)	(1,428)
Gross dividend income from subsidiaries	3	-	-	(252,399)	(236,673)
Interest expense on lease liabilities	8	534	535	534	535
Interest income	4	(18,313)	(19,309)	(2,427)	(3,851)
Lease of equipment	7	214	194	205	184
Net gain on disposal of:					
- unquoted bonds	4	-	(25)	-	-
- motor vehicle	4	(68)	-	(68)	-
Net (reversal of impairment loss)/ impairment loss on:					
- investment in subsidiaries	7	-	-	-	(1,823)
- investment securities	7	(104)	(207)	23	-
- trade and other receivables	7	429	1,582	39	1,275
- amount due from a subsidiary	7	-	-	7	12
Provision for short-term accumulating compensated unutilised leave	5	173	154	153	146
Retirement benefit obligations	5	989	1,174	989	1,174
SGP expense	5	6,764	8,230	6,477	8,033
Unrealised loss/(gain) on foreign exchange differences		8	23	(60)	119
Operating profit/(loss) before working capital changes		314,475	313,613	(954)	(2,855)
(Increase)/Decrease in receivables		2,162	1,836	(6,006)	5,930
Increase/(Decrease) in payables		(16,799)	11,038	(11,142)	13,280
Changes in amount due from subsidiaries		-	-	8,158	(3,105)
Cash generated from/(used in) operations		299,838	326,487	(9,944)	13,250
Interest paid		(534)	(535)	(534)	(535)
Repayment on lease of equipment		(214)	(194)	(205)	(184)
Staff loans repaid, net of disbursements		595	520	554	477
Retirement benefits paid		(4,521)	(4,043)	(4,521)	(4,043)
Net tax (paid)/refunded		(80,875)	(76,628)	350	(234)
Net cash from/(used in) operating activities		214,289	245,607	(14,300)	8,731

Bursa Malaysia Berhad
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Statements of cash flows (cont'd.)
For the financial year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash flows from investing activities					
Dividends received		7,247	5,828	259,646	242,501
(Increase)/Decrease in deposits not for short-term funding requirements		(31,750)	68,503	(418)	52,914
Interest received		19,502	20,708	3,162	4,697
Proceeds from disposal of:					
- investment securities		30,000	39,739	5,000	-
- motor vehicle		68	-	68	-
Purchases of:					
- investment securities		(24,910)	(44,997)	(9,909)	-
- property, plant and equipment and computer software		(12,959)	(9,124)	(12,344)	(8,986)
Net cash (used in)/from investing activities		(12,802)	80,657	245,205	291,126
Cash flows from financing activities					
Dividends paid	12	(277,082)	(279,334)	(277,082)	(279,334)
Dividends paid by a subsidiary to non-controlling interest		(6,750)	(13,000)	-	-
Grant received		2,105	505	2,105	505
Repayment on lease liabilities		(4)	(4)	(4)	(4)
Net cash used in financing activities		(281,731)	(291,833)	(274,981)	(278,833)
Net (decrease)/increase in cash and cash equivalents		(80,244)	34,431	(44,076)	21,024
Effect of exchange rate changes		72	(347)	-	-
Cash and cash equivalents at beginning of year		248,132	214,048	73,305	52,281
Cash and cash equivalents at end of year	26(a)	167,960	248,132	29,229	73,305

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

Notes to the financial statements - 31 December 2018

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 the 15th Floor, Exchange Square, Bukit Kewangan, 50200 Kuala Lumpur, Malaysia.

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 Shariah-compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. Other information relating to the respective subsidiaries are disclosed in Note 17.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors dated 30 January 2019.

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 the Malaysian Financial Reporting Standards ("MFRSs") as issued by the Malaysian Accounting Standards Board ("MASB"), the International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements, other than for certain financial instruments and retirement benefit obligations, have been prepared on a historical cost basis. Certain financial instruments are measured at fair value in accordance with MFRS 9 *Financial Instruments,* and the retirement benefit obligations, including actuarial gains and losses are measured 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), unless otherwise indicated.

2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies and disclosures

At the beginning of the financial year, the Group and the Company early adopted the following Standards, Amendments to Standards, Annual Improvements to Standards and Issues Committee ("IC") Interpretations:

Effective for financial periods beginning on or after 1 January 2019

Amendments to MFRS 9 Financial Instruments - *Prepayment Features with Negative Compensation*
Amendments to MFRS 119 Employee Benefits - *Plan Amendment, Curtailment or Settlement*
Amendments to MFRS 128 Investments in Associates and Joint Ventures - *Long-term Interests in Associates and Joint Ventures*
Annual Improvements to MFRS Standards 2015 - 2017 Cycle:

- Amendments to MFRS 3 Business Combinations - *Previously held interest in a joint operation*
- Amendments to MFRS 11 Joint Arrangements - *Previously held interest in a joint operation*
- Amendments to MFRS 112 Income Taxes - *Income tax consequences of payments on financial instruments classified as equity*
- Amendments to MFRS 123 Borrowing Costs - *Borrowing costs eligible for capitalisation*

IC Interpretation 23 Uncertainty over Income Tax Treatments

Effective for financial periods beginning on or after 1 January 2020

Conceptual Framework in MFRS Standards:

- Amendments to MFRS 2 Share-based Payment
- Amendment to MFRS 3 Business Combinations
- Amendments to MFRS 6 Exploration for and Evaluation of Mineral Resources
- Amendment to MFRS 14 Regulatory Deferral Accounts
- Amendments to MFRS 101 Presentation of Financial Statements
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 134 Interim Financial Reporting
- Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets
- Amendment to MFRS 138 Intangible Assets
- Amendments to IC Interpretation 12 Service Concession Arrangements
- Amendments to IC Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine

2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies and disclosures (cont'd.)

Effective for financial periods beginning on or after 1 January 2020 (cont'd.)

- Amendments to IC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- Amendments to IC Interpretation 132 Intangible Assets - Web Site Costs

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

IFRS 15 *Revenue from Contracts with Customers* - Assessment of promised goods or services

In September 2018, the IFRS Interpretations Committee ("IFRIC") issued a clarification guidance on the recognition of non-refundable upfront fee charged by a stock exchange for admission and initial listing services. The IFRIC concluded, in its meeting on 16 January 2019, that a stock exchange does not promise to transfer any service to the customer other than the service of being listed on the exchange. In view of this, the Group now recognises revenue from initial listing services over a period when the services are provided. Prior to the application of the IFRIC's conclusion, the Group recognised initial listing fees from initial public offerings at a point in time upon the listing of an applicant's securities. The Group has assessed that the impact of the IFRIC's conclusion on the Group's financial statements including its retrospective application to be immaterial.

2.3 Standards issued but not yet effective

Effective for financial periods beginning on or after 1 January 2020

Amendments to MFRS 3 Business Combinations - *Definition of a Business*
Amendments to MFRS 101 Presentation of Financial Statements - *Definition of Material*
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - *Definition of Material*

2. Significant accounting policies (cont'd.)

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

Effective for financial periods beginning on or after 1 January 2021

MFRS 17 Insurance Contracts

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

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

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

2.4 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are 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 like transactions and events of similar circumstances.

Subsidiaries are consolidated from the date on which control exists. They are deconsolidated from the date that control ceases.

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.)

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 consolidated financial statements reflect 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.

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 statements 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.

2. Significant accounting policies (cont'd.)

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

(a) Subsidiaries and basis of consolidation (cont'd.)

(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 equity of the owners of the Company. Transactions with non-controlling interest 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 to the Company and the cost of the item can be measured reliably.

Subsequent to the initial 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 to 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.

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. 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

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 of 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.

2. Significant accounting policies (cont'd.)

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

(c) Intangible assets (cont'd.)

(ii) Computer software (cont'd.)

The amortisation period and 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 is recognised in profit or loss when the asset is derecognised.

(d) Leases

(i) The Group and the Company as lessee

The Group and the Company recognise a right-of-use asset and a lease liability at the commencement date of the contract for all leases excluding short-term leases or leases for which the underlying asset is of low value, conveying the right to control the use of an identified asset for a period of time.

The right-of-use assets are initially recorded at cost, which comprises:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date of the lease, less any lease incentives received;
- any initial direct costs incurred by the Group and the Company; and
- an estimate of costs to be incurred by the Group and the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

2. Significant accounting policies (cont'd.)

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

(d) Leases (cont'd.)

(i) The Group and the Company as lessee (cont'd.)

Subsequent to the initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of the lease liability.

Depreciation is computed on a straight-line basis over the estimated useful lives of the right-of-use assets.

If the lease transfers ownership of the underlying asset to the Group and to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Group and the Company will exercise a purchase option, the Group and the Company depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group and Company depreciate the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group’s and the Company's incremental borrowing rate. Subsequent to the initial recognition, the Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

(ii) The Group and the Company as lessor

The Group and the Company classified its leases as either operating leases or finance leases. Leases where the Group and the Company retain substantially all the risks and rewards of ownership of the leased 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.

If the Group and the Company transfer substantially all the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases and are capitalised at an amount equal to the net investment in the lease.

2. Significant accounting policies (cont'd.)

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

(e) 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 and computer software 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.

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 were previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment loss 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, in which case, the carrying amount of the asset is increased to its revised recoverable amount. The 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.

2. Significant accounting policies (cont'd.)

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

(f) 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 ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of financial assets upon initial recognition. The measurement for each classification of financial assets are as below:

(i) Financial assets measured at amortised cost

Financial assets that are debt instruments are measured at amortised cost if they are held within a business model whose objective is to collect contractual cash flows and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets 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 financial assets are impaired or derecognised.

(ii) Financial assets measured subsequently at fair value

Financial assets that are debt instruments are measured at FVTOCI if they are held within a business model whose objectives are to collect contractual cash flows and selling the financial assets, and have contractual terms which give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets that are debt instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income, except for impairment losses, exchange differences and interest income which 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.

2. Significant accounting policies (cont'd.)

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

(f) Financial assets (cont'd.)

(ii) Financial assets measured subsequently at fair value (cont'd.)

Financial assets that are debt instruments which do not satisfy the requirements to be measured at amortised cost or FVTOCI are measured at FVTPL. The Group and Company do not have any financial assets measured at FVTPL as at the financial year end.

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Equity instruments are classified as held for trading if they are acquired principally for sale in the near term or are derivatives that do not meet the hedge accounting criteria (including separated embedded derivatives). The Group and the Company had elected an irrevocable option to designate its equity instruments (i.e. quoted shares outside Malaysia) at initial recognition as financial assets measured at FVTOCI if the equity instruments are not held for trading.

Subsequent to initial recognition, financial assets that are equity instruments are measured at fair value. Any gains or losses arising from the changes in fair value are recognised in other comprehensive income and are not subsequently transferred to profit or loss. Dividends on equity instruments are recognised in profit or loss when the Group's or the Company's right to receive payment is established.

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.

(g) Impairment of financial assets

At each financial year end, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring as at the financial year end with the risk of default since initial recognition.

2. Significant accounting policies (cont'd.)

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

(g) Impairment of financial assets (cont'd.)

In determining whether credit risk on a financial asset has increased significantly since initial recognition, the Group and the Company use external credit rating and other supportive information to assess deterioration in credit quality of a financial asset. The Group and the Company assess whether the credit risk on a financial asset has increased significantly on an individual or collective basis. For collective basis evaluation, financial assets are grouped on the basis of similar risk characteristics.

The Group and the Company consider past loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

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

The Group and the Company measure the allowance for impairment loss on unquoted bonds, staff loans receivable and cash and bank balances based on the two-step approach as follows:

(i) 12-months expected credit loss

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

(ii) Lifetime expected credit loss

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

2. Significant accounting policies (cont'd.)

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

(g) Impairment of financial assets (cont'd.)

For trade and other receivables which are financial assets, the Group and the Company apply the simplified approach in accordance with MFRS 9 *Financial Instruments* and measure the allowance for impairment loss based on a lifetime expected credit loss from initial recognition.

The carrying amount of the financial asset is reduced through the use of an allowance for impairment loss account and the amount of impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance for impairment loss account.

(h) 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 short-term funding requirements of their operations.

(i) 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 instruments. 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 as at the financial year end.

2. Significant accounting policies (cont'd.)

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

(i) Financial liabilities (cont'd.)

(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 amount is recognised in profit or loss.

(j) 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 act in their economic best interest when pricing the asset or liability.

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.

2. Significant accounting policies (cont'd.)

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

(j) 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.

(k) 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 finance cost.

(l) Deferred grants

Grants are recognised at their fair value when 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.

(m) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of 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, and are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. Significant accounting policies (cont'd.)

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

(n) Revenue recognition

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of information based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

(i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or

(ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or

(iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

2. Significant accounting policies (cont'd.)

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

(n) Revenue recognition (cont'd.)

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Group and the Company satisfy a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers:

(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 the Securities Commission levy when services are rendered. Clearing fees on derivatives contracts are recognised net of rebates on the clearing date.

(iii) Other securities trading revenue

Other securities trading revenue mainly comprise Institutional Settlement Services ("ISS") fees. ISS fees from the securities exchange are recognised in full when services are rendered at the point in time.

(iv) Other derivatives trading revenue

Other derivatives trading revenue mainly comprise collateral management services fees, guarantee and tender fees. Collateral management services fees are 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.

2. Significant accounting policies (cont'd.)

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

(n) Revenue recognition (cont'd.)

(v) Listing and issuer services

Listing and issuer services revenue comprise:

- **Initial listing fees**

  In the previous financial years, the Group recognised initial listing fees for Initial Public Offering ("IPO") exercises upon the listing of an applicant's securities at a point in time. During the current financial year, the Group changed the accounting policy whereby the initial listing fees are recognised over a period of time when the services are rendered. This was pursuant to the IFRIC's conclusion on 16 January 2019 as disclosed in Note 2.2.

- **Other listing fees**

  Annual and additional listing fees are recognised when the services are rendered.

- **Issuer services fees**

  Perusal fees for circulars or notices issued are recognised when the services are rendered at a point in time. 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.

2. Significant accounting policies (cont'd.)

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

(n) Revenue recognition (cont'd.)

(viii) Member services and connectivity

Member services and connectivity mainly comprise:

- **Access fees**

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

- **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.

- **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.

2. Significant accounting policies (cont'd.)

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

(o) 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").

(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's 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 and that have terms to maturity approximating to the terms of the pension obligation.

2. Significant accounting policies (cont'd.)

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

(o) Employee benefits (cont'd.)

(iii) Defined benefit plan (cont'd.)

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 to 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 the estimate of the number of shares that are expected to be granted on vesting date. The impact of revision of original estimates, if any, is recognised in profit or loss, and a corresponding adjustment made to equity over the remaining vesting period. The equity amount is recognised in the share grant reserve.

(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 and lease liabilities.

2. Significant accounting policies (cont'd.)

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

(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, unutilised 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, unutilised 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.

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 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.

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 ("functional currency"). The consolidated financial statements are presented in 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 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 dates when the fair value was determined.

2. Significant accounting policies (cont'd.)

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

(r) Foreign currency (cont'd.)

(ii) Foreign currency transactions (cont'd.)

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 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 from 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) 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 statement of profit or loss 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 the existence of which 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.

There are no contingent liabilities and assets recognised in the statements of financial position of the Group and of the Company in the current and previous financial years.

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 described below:

(a) Impairment of computer hardware, computer software, right-of-use assets and investment in subsidiaries

The Group and the Company review its computer hardware, computer software, right-of-use assets and investment in subsidiaries 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 carry out the impairment test based on a variety of estimations including value-in-use of the CGUs to which the computer hardware, computer software, right-of-use assets and investment in subsidiaries 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, computer software, right-of-use assets and investment in subsidiaries as at the financial year end are disclosed in Notes 13, 14, 15(a) and 17 respectively.

2. Significant accounting policies (cont'd.)

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

Key sources of estimation uncertainty (cont'd.)

(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 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 amount of goodwill as at the financial year end is disclosed in Note 16.

(c) Impairment of investment securities - debt securities

Investment securities - debt securities are reviewed and assessed at each financial year end on whether there is sufficient allowance for impairment loss provided.

The impairment review shall determine whether there is significant increase in credit risk since initial recognition of the investment securities - debt securities, such as from deterioration of the credit quality of the issuers or obligors and significant financial difficulties of the issuers or obligors.

The carrying amount of investment securities - debt securities as at the financial year end is disclosed in Note 18.

(d) Depreciation/amortisation of computer hardware, computer software and right-of-use assets

The cost of computer hardware, computer software and right-of-use assets is depreciated and amortised on a straight-line basis over the assets' useful lives. The Group and the Company estimate 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 carrying amounts of computer hardware, computer software and right-of-use assets as at the financial year end are disclosed in Notes 13, 14 and 15(a) respectively.

2. Significant accounting policies (cont'd.)

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

Key sources of estimation uncertainty (cont'd.)

(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 tax losses and capital allowances can be utilised. Significant 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 and unused capital allowances as at the financial year end are disclosed in Note 20.

(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 on which they are granted. Estimating the fair value of the share-based payment transactions 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 30(b).

3. Operating revenue

	Group 2018 RM'000	Group 2017 RM'000
Trade fees	28,968	28,117
Clearing fees (**Note a**)	211,592	209,043
Others	25,249	22,457
Total Securities trading revenue	265,809	259,617
Trade fees	42,828	46,098
Clearing fees	17,238	18,299
Others	16,629	16,152
Total Derivatives trading revenue	76,695	80,549
Bursa Suq Al-Sila ("BSAS") trading revenue	14,932	15,825
Listing and issuer services	60,112	61,775
Depository services	42,170	42,376
Market data	36,208	34,524
Member services and connectivity	21,835	21,408
Conference fees and exhibition-related income	5,530	6,006
	180,787	181,914
Total operating revenue (**Note b**)	523,291	522,080
Broker services	7,652	7,529
Income from subsidiaries (Note 36(a)):		
- dividends	252,399	236,673
- management fees	148,788	143,438
- office space rental	4,740	4,718
- lease of computer equipment	11,361	13,056
Total operating revenue (**Note c**)	424,940	405,414

Note a

Securities clearing fees of the Group are stated net of the amount paid and payable to the Securities Commission of RM56,795,000 (2017: RM55,254,000).

Note b

The following tables illustrate the Group's revenue as disaggregated by major services or products and provide a reconciliation of the disaggregated revenue with the Group's four major market segments as disclosed in Note 43. The table also includes the timing of revenue recognition.

3. Operating revenue (cont'd.)

2018	Securities Market RM'000	Derivatives Market RM'000	Exchange Holding Company RM'000	Others RM'000	Total RM'000
Major services or products:					
Securities trading revenue	265,809	-	-	-	265,809
Derivatives trading revenue	-	76,695	-	-	76,695
BSAS trading revenue	-	-	-	14,932	14,932
Listing and issuer services	59,980	-	-	132	60,112
Depository services	42,170	-	-	-	42,170
Market data	27,589	8,389	-	230	36,208
Member services and connectivity	13,917	155	7,652	111	21,835
Conferences fee and exhibition-related income	-	5,530	-	-	5,530
	409,465	90,769	7,652	15,405	523,291
Timing of revenue recognition:					
- at a point in time	356,230	86,180	-	15,086	457,496
- over time	53,235	4,589	7,652	319	65,795
	409,465	90,769	7,652	15,405	523,291

2017	Securities Market RM'000	Derivatives Market RM'000	Exchange Holding Company RM'000	Others RM'000	Total RM'000
Major services or products:					
Securities trading revenue	259,617	-	-	-	259,617
Derivatives trading revenue	-	80,549	-	-	80,549
BSAS trading revenue	-	-	-	15,825	15,825
Listing and issuer services	61,611	-	-	164	61,775
Depository services	42,376	-	-	-	42,376
Market data	26,137	8,146	-	241	34,524
Member services and connectivity	13,576	160	7,529	143	21,408
Conferences fee and exhibition-related income	-	6,006	-	-	6,006
	403,317	94,861	7,529	16,373	522,080
Timing of revenue recognition:					
- at a point in time	353,278	90,786	-	16,034	460,098
- over time	50,039	4,075	7,529	339	61,982
	403,317	94,861	7,529	16,373	522,080

3. Operating revenue (cont'd.)

Note c

The Company recognises its revenue upon satisfaction of performance obligations and all revenue are recognised over time, except for dividends from subsidiaries which are recognised at a point in time.

4. Other income

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interest income from:				
- deposits with licensed financial institutions	14,819	15,408	2,263	3,720
- investment securities	3,383	3,760	60	-
- others	111	141	104	131
Dividend income	4,960	6,852	4,960	6,852
Grant income (Note 31)	1,338	1,559	1,206	1,428
Net gain on disposal of:				
- unquoted bonds	-	25	-	-
- motor vehicle	68	-	68	-
Rental income	1,278	6,423	1,278	6,423
Miscellaneous income	756	584	756	558
	26,713	34,752	10,695	19,112

5. Staff costs

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages and salaries	81,537	78,181	76,967	73,845
Bonus	20,293	26,096	19,484	25,537
Contributions to a defined contribution plan - EPF	15,260	15,648	14,747	15,112
Social security contributions	536	479	522	466
Provision for short-term accumulating compensated unutilised leave	173	154	153	146
Retirement benefit obligations (Note 30(a)(i))	989	1,174	989	1,174
SGP expense	6,764	8,230	6,477	8,033
Other benefits	9,741	7,563	9,538	7,382
	135,293	137,525	128,877	131,695

6. Depreciation and amortisation

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Depreciation of property, plant and equipment (Note 13)	11,975	11,692	11,957	11,616
Amortisation of computer software (Note 14)	9,884	11,997	8,212	10,370
Depreciation of right-of-use assets (Note 15(a))	111	111	111	111
	21,970	23,800	20,280	22,097

7. Other operating expenses

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Administrative expenses	6,125	6,375	5,803	5,928
Amortisation of premium/(accretion of discount), net	2	(10)	-	-
Auditors' remuneration:				
- statutory audit	376	356	86	82
- tax and assurance-related services (**Note a**)	155	155	99	99
- other non-audit services (**Note b**)	295	289	295	289
Building management costs:				
- office rental	85	83	85	83
- upkeep and maintenance	10,437	11,277	10,437	11,277
Central Depository System ("CDS") consumables	2,422	2,767	2,422	2,767
Net (reversal of impairment loss)/ impairment loss on:				
- investment in subsidiaries (Note 17)	-	-	-	(1,823)
- investment securities	(104)	(207)	23	-
- trade and other receivables	429	1,582	39	1,275
- amount due from a subsidiary	-	-	7	12
Marketing and development expenses	12,007	11,422	6,161	7,209
Net loss on foreign exchange differences	590	649	308	448
Professional fees	3,939	2,407	3,924	2,385
Lease of equipment	214	194	205	184
Technology charges:				
- information technology maintenance	18,325	19,581	16,239	17,508
- service fees	19,226	23,416	-	669
Others (**Note c**)	9,509	8,753	8,352	7,610
	84,032	89,089	54,485	56,002

7. Other operating expenses (cont'd.)

Note a

Tax and assurance-related services provided by the auditors are in respect of tax compliance, quarterly limited reviews and annual review of the statement on internal control and risk management.

Note b

Other non-audit services rendered are in respect of tax advisory and reporting accountant services in 2018 and business process improvement training in 2017.

Note c

Others include Non-executive Directors' remuneration as disclosed in Note 9.

8. Finance costs

	Group and Company	
	2018	2017
	RM'000	RM'000
Interest expense on lease liabilities (Note 15(b))	534	535

9. Directors' remuneration

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Executive Director's remuneration:				
Salaries and other emoluments	3,515	5,465	3,515	5,465
Defined contribution plan - EPF	418	418	418	418
	3,933	5,883	3,933	5,883
Estimated monetary value of benefits-in-kind	35	35	35	35
	3,968	5,918	3,968	5,918
Non-executive Directors' remuneration:				
Fees	1,706	1,885	1,706	1,885
Other emoluments	1,864	1,551	1,750	1,464
	3,570	3,436	3,456	3,349
Estimated monetary value of benefits-in-kind	35	35	35	35
	3,605	3,471	3,491	3,384
Total Directors' remuneration	7,573	9,389	7,459	9,302

9. Directors' remuneration (cont'd.)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Total Directors' remuneration excluding benefits-in-kind	7,503	9,319	7,389	9,232
Estimated monetary value of benefits-in-kind	70	70	70	70
Total Directors' remuneration including benefits-in-kind	7,573	9,389	7,459	9,302

	2018		2017	
	Directors' fees RM'000	Other allowances (Note a)/ salaries RM'000	Directors' fees RM'000	Other allowances (Note a)/ salaries RM'000
Group				
Tan Sri Amirsham bin A Aziz	300	798	300	784
Datuk Seri Tajuddin bin Atan	-	3,968	-	5,918
Datuk Karownakaran @ Karunakaran a/l Ramasamy	200	140	200	104
Datuk Chay Wai Leong	200	149	200	108
Ghazali bin Haji Darman	200	120	200	72
Pushpanathan a/l S.A. Kanagarayar	200	154	200	102
Johari bin Abdul Muid	200	210	200	150
Datin Mariam Prudence binti Yusof	200	168	173	89
Datin Grace Yeoh Cheng Geok	200	159	170	80
Chong Chye Neo	6	1	-	-
Dato' Zuraidah binti Atan	-	-	27	14
Dato' Saiful Bahri bin Zainuddin	-	-	48	27
Dato' Eshah binti Meor Suleiman	-	-	167	56
	1,706	5,867	1,885	7,504

9. Directors' remuneration (cont'd.)

	2018		2017	
	Directors' fees RM'000	Other allowances (Note a)/ salaries RM'000	Directors' fees RM'000	Other allowances (Note a)/ salaries RM'000
Company				
Tan Sri Amirsham bin A Aziz	300	798	300	784
Datuk Seri Tajuddin bin Atan	-	3,968	-	5,918
Datuk Karownakaran @ Karunakaran a/l Ramasamy	200	140	200	104
Datuk Chay Wai Leong	200	149	200	108
Ghazali bin Haji Darman	200	120	200	72
Pushpanathan a/l S.A. Kanagarayar	200	154	200	102
Johari bin Abdul Muid	200	145	200	90
Datin Mariam Prudence binti Yusof	200	168	173	89
Datin Grace Yeoh Cheng Geok	200	110	170	62
Chong Chye Neo	6	1	-	-
Dato' Zuraidah binti Atan	-	-	27	14
Dato' Saiful Bahri bin Zainuddin	-	-	48	18
Dato' Eshah binti Meor Suleiman	-	-	167	56
	1,706	5,753	1,885	7,417

Note a

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 during the year.

10. Taxation

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Income tax:				
Current year provision	78,916	78,251	-	1,012
(Over)/Under provision of tax in prior years	(224)	577	89	(953)
	78,692	78,828	89	59
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	(1,528)	(3,076)	(1,532)	(3,172)
Under/(Over) provision of tax in prior years	397	(78)	115	39
	(1,131)	(3,154)	(1,417)	(3,133)
Total income tax	77,561	75,674	(1,328)	(3,074)

10. Taxation (cont'd.)

Income tax is calculated at the Malaysian statutory tax rate of the estimated assessable profit for the year. The reconciliation between income tax and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 31 December 2017 is as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Accounting profit before tax	308,175	305,883	231,459	214,197
Taxation at Malaysian statutory tax rate of 24%	73,962	73,412	55,550	51,407
Deferred tax not recognised in respect of current year's:				
- capital allowances	181	498	181	498
- tax losses	98	2	97	-
Effect of:				
- tax rate of 3% on profit before tax for subsidiary incorporated in Labuan	(37)	(62)	-	-
- reduction in Malaysian statutory tax rate	(89)	(1,735)	-	-
- expenses not deductible for tax purposes	4,645	5,047	4,514	4,724
- income not subject to tax	(1,372)	(1,987)	(61,874)	(58,789)
(Over)/Under provision of tax in prior years:				
- income tax	(224)	577	89	(953)
- deferred tax	397	(78)	115	39
Income tax for the year	77,561	75,674	(1,328)	(3,074)

For years of assessment 2017 and 2018, a special reduction in corporate income tax rate is accorded to qualifying persons, including resident companies incorporated under the Companies Act 2016, with reduction by 1% to 4% based on the prescribed incremental percentage of chargeable income from business compared to that of the immediate preceding year of assessment. The Group has accounted for the reduction in the tax rate in the current and previous financial years, based on the percentage of increase in chargeable income of the Group.

During the current financial year, the Group and the Company have tax savings of RM3,063,000 (2017: Nil) arising from the utilisation of current year tax losses.

11. Earnings Per Share ("EPS")

Pursuant to the requirements of MFRS 133 *Earnings per Share*, the weighted average number of ordinary shares used in the calculation of basic and diluted EPS for the financial year ended 31 December 2017 have been retrospectively adjusted to reflect the bonus issue as disclosed in Note 27.

(a) Basic EPS

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

	Group	
	2018	**2017**
Profit for the year attributable to owners of the Company (RM'000)	224,042	223,040
Weighted average number of ordinary shares in issue ('000)	806,831	805,381
Basic EPS (sen)	27.8	27.7

(b) Diluted EPS

For the purpose of calculating diluted EPS, the weighted average number of ordinary shares in issue during the financial year has 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 been vested as at the end of the year.

	Group	
	2018	**2017**
Profit for the year attributable to owners of the Company (RM'000)	224,042	223,040
Weighted average number of ordinary shares in issue ('000)	806,831	805,381
Effects of dilution of share grants ('000)	2,529	2,581
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	809,360	807,962
Diluted EPS (sen)	27.7	27.6

12. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Single-tier special dividend				
8.0 sen per share on 807,475,000 ordinary shares	64,598	-	64,598	-
15.0 sen per share on 537,501,000 ordinary shares	-	80,625	-	80,625
First single-tier interim dividend				
14.0 sen per share on 807,475,000 ordinary shares	113,046	-	113,046	-
20.0 sen per share on 537,501,000 ordinary shares	-	107,500	-	107,500
Second single-tier interim dividend				
18.5 sen per share on 537,501,000 ordinary shares	-	99,438	99,438	-
Final single-tier dividend				
17.0 sen per share on 536,522,000 ordinary shares, in respect of year 2016	-	-	-	91,209
	177,644	287,563	277,082	279,334

On 30 January 2019, the Board of Directors approved and declared a second single-tier interim dividend of 11.6 sen per share in respect of the financial year ended 31 December 2018. The dividend amounting to approximately RM93,667,000 will be payable on 28 February 2019. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

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13. Property, plant and equipment

Group	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in-progress RM'000	Total RM'000
As at 31 December 2018							
Cost							
At 1 January 2018		327,827	34,569	48,434	2,511	1,426	414,767
Additions		803	938	2,158	-	202	4,101
Reclassifications		-	-	1,389	-	(1,389)	-
Disposal		-	-	-	(665)	-	(665)
Write-offs		(22)	(932)	(959)	-	-	(1,913)
Exchange differences		5	1	32	-	-	38
At 31 December 2018		328,613	34,576	51,054	1,846	239	416,328
Accumulated depreciation							
At 1 January 2018		159,001	31,866	42,865	1,737	-	235,469
Depreciation charge for the year	6	7,316	997	3,430	232	-	11,975
Disposal		-	-	-	(665)	-	(665)
Write-offs		(22)	(932)	(959)	-	-	(1,913)
Exchange differences		5	1	32	-	-	38
At 31 December 2018		166,300	31,932	45,368	1,304	-	244,904
Net carrying amount at 31 December 2018		162,313	2,644	5,686	542	239	171,424

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

Group	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in-progress RM'000	Total RM'000
As at 31 December 2017							
Cost							
At 1 January 2017		327,309	33,411	45,176	1,931	37	407,864
Additions		559	1,800	3,422	580	1,389	7,750
Write-offs		(13)	(633)	-	-	-	(646)
Exchange differences		(28)	(9)	(164)	-	-	(201)
At 31 December 2017		327,827	34,569	48,434	2,511	1,426	414,767
Accumulated depreciation							
At 1 January 2017		151,730	31,718	39,623	1,553	-	224,624
Depreciation charge for the year	6	7,312	790	3,406	184	-	11,692
Write-offs		(13)	(633)	-	-	-	(646)
Exchange differences		(28)	(9)	(164)	-	-	(201)
At 31 December 2017		159,001	31,866	42,865	1,737	-	235,469
Net carrying amount at 31 December 2017		168,826	2,703	5,569	774	1,426	179,298

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

Company	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in-progress RM'000	Total RM'000
As at 31 December 2018							
Cost							
At 1 January 2018		327,512	34,103	48,373	2,333	1,426	413,747
Additions		803	938	2,158	-	202	4,101
Reclassifications		-	-	1,389	-	(1,389)	-
Disposal		-	-	-	(665)	-	(665)
Write-offs		(22)	(910)	(949)	-	-	(1,881)
At 31 December 2018		328,293	34,131	50,971	1,668	239	415,302
Accumulated depreciation							
At 1 January 2018		158,690	31,406	42,817	1,560	-	234,473
Depreciation charge for the year	6	7,312	994	3,419	232	-	11,957
Disposal		-	-	-	(665)	-	(665)
Write-offs		(22)	(910)	(949)	-	-	(1,881)
At 31 December 2018		165,980	31,490	45,287	1,127	-	243,884
Net carrying amount at 31 December 2018		162,313	2,641	5,684	541	239	171,418

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

Company	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in-progress RM'000	Total RM'000
As at 31 December 2017							
Cost							
At 1 January 2017		326,966	32,941	44,955	1,753	37	406,652
Additions		559	1,795	3,418	580	1,389	7,741
Write-offs		(13)	(633)	-	-	-	(646)
At 31 December 2017		327,512	34,103	48,373	2,333	1,426	413,747
Accumulated depreciation							
At 1 January 2017		151,396	31,256	39,475	1,376	-	223,503
Depreciation charge for the year	6	7,307	783	3,342	184	-	11,616
Write-offs		(13)	(633)	-	-	-	(646)
At 31 December 2017		158,690	31,406	42,817	1,560	-	234,473
Net carrying amount at 31 December 2017		168,822	2,697	5,556	773	1,426	179,274

13. 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
As at 31 December 2018				
Cost				
At 1 January 2018	285,960	19,862	22,005	327,827
Additions	-	-	803	803
Write-offs	-	-	(22)	(22)
Exchange differences	-	-	5	5
At 31 December 2018	285,960	19,862	22,791	328,613
Accumulated depreciation				
At 1 January 2018	130,674	11,582	16,745	159,001
Depreciation charge for the year	5,242	281	1,793	7,316
Write-offs	-	-	(22)	(22)
Exchange differences	-	-	5	5
At 31 December 2018	135,916	11,863	18,521	166,300
Net carrying amount at 31 December 2018	150,044	7,999	4,270	162,313
As at 31 December 2017				
Cost				
At 1 January 2017	285,960	19,862	21,487	327,309
Additions	-	-	559	559
Write-offs	-	-	(13)	(13)
Exchange differences	-	-	(28)	(28)
At 31 December 2017	285,960	19,862	22,005	327,827
Accumulated depreciation				
At 1 January 2017	125,432	11,301	14,997	151,730
Depreciation charge for the year	5,242	281	1,789	7,312
Write-offs	-	-	(13)	(13)
Exchange differences	-	-	(28)	(28)
At 31 December 2017	130,674	11,582	16,745	159,001
Net carrying amount at 31 December 2017	155,286	8,280	5,260	168,826

13. 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
As at 31 December 2018				
Cost				
At 1 January 2018	285,960	19,862	21,690	327,512
Additions	-	-	803	803
Write-offs	-	-	(22)	(22)
At 31 December 2018	285,960	19,862	22,471	328,293
Accumulated depreciation				
At 1 January 2018	130,674	11,582	16,434	158,690
Depreciation charge for the year	5,242	281	1,789	7,312
Write-offs	-	-	(22)	(22)
At 31 December 2018	135,916	11,863	18,201	165,980
Net carrying amount at 31 December 2018	150,044	7,999	4,270	162,313
As at 31 December 2017				
Cost				
At 1 January 2017	285,960	19,862	21,144	326,966
Additions	-	-	559	559
Write-offs	-	-	(13)	(13)
At 31 December 2017	285,960	19,862	21,690	327,512
Accumulated depreciation				
At 1 January 2017	125,432	11,301	14,663	151,396
Depreciation charge for the year	5,242	281	1,784	7,307
Write-offs	-	-	(13)	(13)
At 31 December 2017	130,674	11,582	16,434	158,690
Net carrying amount at 31 December 2017	155,286	8,280	5,256	168,822

14. Computer software

Group	Note	Implemented projects RM'000	Projects-in-progress RM'000	Total RM'000
As at 31 December 2018				
Cost				
At 1 January 2018		121,100	6,438	127,538
Additions		5,151	4,239	9,390
Reclassifications		1,877	(1,877)	-
Write-offs		(363)	-	(363)
At 31 December 2018		127,765	8,800	136,565
Accumulated amortisation				
At 1 January 2018		86,697	-	86,697
Amortisation charge for the year	6	9,884	-	9,884
Write-offs		(363)	-	(363)
At 31 December 2018		96,218	-	96,218
Net carrying amount at 31 December 2018		31,547	8,800	40,347
As at 31 December 2017				
Cost				
At 1 January 2017		117,723	4,084	121,807
Additions		3,127	2,604	5,731
Reclassifications		250	(250)	-
At 31 December 2017		121,100	6,438	127,538
Accumulated amortisation				
At 1 January 2017		74,700	-	74,700
Amortisation charge for the year	6	11,997	-	11,997
At 31 December 2017		86,697	-	86,697
Net carrying amount at 31 December 2017		34,403	6,438	40,841

14. Computer software (cont'd.)

Company	Note	Implemented projects RM'000	Projects-in-progress RM'000	Total RM'000
As at 31 December 2018				
Cost				
At 1 January 2018		103,902	6,438	110,340
Additions		5,025	4,239	9,264
Reclassifications		1,877	(1,877)	-
Write-offs		(363)	-	(363)
At 31 December 2018		110,441	8,800	119,241
Accumulated amortisation				
At 1 January 2018		77,269	-	77,269
Amortisation charge for the year	6	8,212	-	8,212
Write-offs		(363)	-	(363)
At 31 December 2018		85,118	-	85,118
Net carrying amount at 31 December 2018		25,323	8,800	34,123
As at 31 December 2017				
Cost				
At 1 January 2017		101,084	4,084	105,168
Additions		2,568	2,604	5,172
Reclassifications		250	(250)	-
At 31 December 2017		103,902	6,438	110,340
Accumulated amortisation				
At 1 January 2017		66,899	-	66,899
Amortisation charge for the year	6	10,370	-	10,370
At 31 December 2017		77,269	-	77,269
Net carrying amount at 31 December 2017		26,633	6,438	33,071

15. Right-of-use assets and lease liabilities

(a) Right-of-use assets

	Group and Company	
	2018 RM'000	2017 RM'000
Cost		
At 1 January/31 December	8,518	8,518
Accumulated depreciation		
At 1 January	111	-
Depreciation charge for the year (Note 6)	111	111
At 31 December	222	111
Net carrying amount at 31 December	8,296	8,407

The Group and the Company have 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 agreements. The leases do not allow the Group and 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.

(b) Lease liabilities

	Group and Company	
	2018 RM'000	2017 RM'000
Lease liabilities:		
- non-current	7,466	7,470
- current	505	505
Total lease liabilities	7,971	7,975

The movement of lease liabilities during the financial year is as follows:

	Group and Company	
	2018 RM'000	2017 RM'000
At 1 January	7,975	7,979
Interest charge (Note 8)	534	535
Payments of:		
- principal	(4)	(4)
- interest	(534)	(535)
At 31 December	7,971	7,975

16. Goodwill

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 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 the Group and the Company have based their cash flow projections to undertake impairment assessment of goodwill:

(a) Securities and Derivatives markets

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 (2017: 5% per annum), while expenses have been assumed to grow at an average of 2% per annum (2017: 3% per annum), which is in line with the expected inflation rate. No revenue and expense growth was projected from the sixth year to perpetuity.

(b) Discount rate

A discount rate of 8% (2017: 8%) 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

The Group and the Company believe 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.

17. Investment in subsidiaries

	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost	174,183	174,183
Less: Accumulated impairment losses	(20,218)	(20,218)
	153,965	153,965

In the previous financial year, the Company reversed an impairment loss of RM1,823,000 in relation to the investment in its wholly owned subsidiary, Labuan International Financial Exchange Inc, on the basis that the recoverable amount exceeds its carrying amount.

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

Name of subsidiaries	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %	Share capital 2018 RM'000	Share capital 2017 RM'000	Principal activities
Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities")	100	100	25,250	25,250	Provides, operates and maintains a securities exchange.
Bursa Malaysia Securities Clearing Sdn Bhd ("Bursa Malaysia Securities Clearing")	100	100	50,000	50,000	Provides, operates and maintains a clearing house for the securities exchange.
Bursa Malaysia Derivatives Berhad ("Bursa Malaysia Derivatives")	75	75	50,000	50,000	Provides, operates and maintains a derivatives exchange.
Bursa Malaysia Depository Sdn Bhd ("Bursa Malaysia Depository")	100	100	30,000	30,000	Provides, operates and maintains a central depository for securities listed on the securities exchange.
Bursa Malaysia Islamic Services Sdn Bhd ("Bursa Malaysia Islamic Services")	100	100	2,600	2,600	Provides, operates and maintains a Shariah compliant commodity trading platform.

17. Investment in subsidiaries (cont'd.)

Name of subsidiaries	Proportion of ownership interest 2018 %	2017 %	Share capital 2018 RM'000	2017 RM'000	Principal activities
Bursa Malaysia Information Sdn Bhd ("Bursa Malaysia Information")	100	100	250	250	Compiles, provides and disseminates prices and other information relating to securities quoted on the securities and derivatives exchanges within the Group, as well as data reported from the bond platform.
Labuan International Financial Exchange Inc ("LFX")*	100	100	5,500 (in USD'000)	5,500 (in USD'000)	Provides, operates and maintains an offshore financial exchange.
Bursa Malaysia Bonds Sdn Bhd ("Bursa Malaysia Bonds")	100	100	2,600	2,600	Provides, operates and maintains an electronic trading platform for the bond market.
Subsidiary held through Bursa Malaysia Derivatives					
Bursa Malaysia Derivatives Clearing Berhad ("Bursa Malaysia Derivatives Clearing")	75	75	20,000	20,000	Provides, operates and maintains a clearing house for the derivatives exchange.
Subsidiary held through Bursa Malaysia Depository					
Bursa Malaysia Depository Nominees Sdn Bhd ("Bursa Malaysia Depository Nominees")	100	100	~	~	Acts as a nominee for Bursa Malaysia Depository and receives securities on deposit or for safe-custody or management.

* Incorporated in the Federal Territory of Labuan, Malaysia.
~ Denotes RM2.

(a) 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.

17. Investment in subsidiaries (cont'd.)

(b) The summarised financial information of Bursa Malaysia Derivatives Group (before inter-company eliminations between the Group and Bursa Malaysia Derivatives Group) that has a non-controlling interest representing 25% of ownership interest is as follows:

(i) Summarised consolidated statement of financial position:

	2018 RM'000	2017 RM'000
Assets		
Non-current assets	15,266	17,511
Current assets	1,328,880	1,129,676
Total assets	1,344,146	1,147,187
Equity attributable to owners of Bursa Malaysia Derivatives	54,159	54,873
Liabilities		
Non-current liabilities	5,084	6,418
Current liabilities	1,284,903	1,085,896
Total liabilities	1,289,987	1,092,314
Total equity and liabilities	1,344,146	1,147,187

(ii) Summarised consolidated statement of profit or loss:

	2018 RM'000	2017 RM'000
Total revenue	92,614	96,859
Total expenses	(57,924)	(58,775)
Profit for the year	26,286	28,675
Dividends paid to a non-controlling interest	6,750	13,000

(iii) Summarised consolidated statement of cash flows:

	2018 RM'000	2017 RM'000
Net cash from operating activities	28,739	29,422
Net cash from investing activities	16	2,428
Net cash used in financing activities	(28,599)	(53,754)
Net increase/(decrease) in cash and cash equivalents	156	(21,904)
Cash and cash equivalents at beginning of year	47,809	69,713
Cash and cash equivalents at end of year	47,965	47,809

18. Investment securities

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Quoted shares (outside Malaysia)	297,993	226,806	297,993	226,806
Unquoted bonds	40,147	54,973	-	-
	338,140	281,779	297,993	226,806
Current				
Unquoted bonds	30,012	25,039	-	-
Commercial paper	4,923	-	4,923	-
	34,935	25,039	4,923	-
Total investment securities	373,075	306,818	302,916	226,806

19. Staff loans receivable

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Housing loans	2,631	3,347	2,247	2,914
Vehicle loans	43	39	43	39
Computer loans	73	67	70	65
	2,747	3,453	2,360	3,018
Less: Receivables within 12 months, included in other receivables (Note 22)	(460)	(535)	(425)	(460)
	2,287	2,918	1,935	2,558

20. Deferred tax assets/(liabilities)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	5,018	1,964	3,691	642
Recognised in profit or loss (Note 10)	1,131	3,154	1,417	3,133
Recognised in other comprehensive income	(82)	(100)	(59)	(84)
At 31 December	6,067	5,018	5,049	3,691

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

Presented after appropriate offsetting as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Deferred tax assets (before offsetting)	21,466	22,841	18,993	19,732
Offsetting	(14,011)	(16,094)	(13,944)	(16,041)
Deferred tax assets (after offsetting)	7,455	6,747	5,049	3,691
Deferred tax liabilities (before offsetting)	(15,399)	(17,823)	(13,944)	(16,041)
Offsetting	14,011	16,094	13,944	16,041
Deferred tax liabilities (after offsetting)	(1,388)	(1,729)	-	-
Net deferred tax assets	6,067	5,018	5,049	3,691

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same authority.

Deferred tax assets of the Group:

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment loss RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
As at 31 December 2018							
At 1 January 2018	5,248	9,693	215	29	7,329	327	22,841
Recognised in profit or loss	(848)	(1,496)	(28)	2	1,112	(58)	(1,316)
Recognised in other comprehensive income	(59)	-	-	-	-	-	(59)
At 31 December 2018	4,341	8,197	187	31	8,441	269	21,466

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

Deferred tax assets of the Group: (cont'd.)

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment loss RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
As at 31 December 2017							
At 1 January 2017	6,020	8,145	253	34	8,302	328	23,082
Recognised in profit or loss	(688)	1,548	(38)	(5)	(973)	(1)	(157)
Recognised in other comprehensive income	(84)	-	-	-	-	-	(84)
At 31 December 2017	5,248	9,693	215	29	7,329	327	22,841

Deferred tax liabilities of the Group:

	Right-of-use assets RM'000	Accelerated capital allowances RM'000	Investment securities - unquoted bonds RM'000	Total RM'000
As at 31 December 2018				
At 1 January 2018	(104)	(17,668)	(51)	(17,823)
Recognised in profit or loss	26	2,414	7	2,447
Recognised in other comprehensive income	-	-	(23)	(23)
At 31 December 2018	(78)	(15,254)	(67)	(15,399)
As at 31 December 2017				
At 1 January 2017	-	(21,041)	(77)	(21,118)
Recognised in profit or loss	(104)	3,373	42	3,311
Recognised in other comprehensive income	-	-	(16)	(16)
At 31 December 2017	(104)	(17,668)	(51)	(17,823)

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

Deferred tax assets of the Company:

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment loss RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
As at 31 December 2018							
At 1 January 2018	5,248	6,789	15	24	7,329	327	19,732
Recognised in profit or loss	(848)	(892)	2	4	1,112	(58)	(680)
Recognised in other comprehensive income	(59)	-	-	-	-	-	(59)
At 31 December 2018	4,341	5,897	17	28	8,441	269	18,993
As at 31 December 2017							
At 1 January 2017	6,020	4,862	21	28	8,302	328	19,561
Recognised in profit or loss	(688)	1,927	(6)	(4)	(973)	(1)	255
Recognised in other comprehensive income	(84)	-	-	-	-	-	(84)
At 31 December 2017	5,248	6,789	15	24	7,329	327	19,732

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

Deferred tax liabilities of the Company:

	Right-of-use assets RM'000	Accelerated capital allowances RM'000	Total RM'000
As at 31 December 2018			
At 1 January 2018	(104)	(15,937)	(16,041)
Recognised in profit or loss	26	2,071	2,097
At 31 December 2018	(78)	(13,866)	(13,944)
As at 31 December 2017			
At 1 January 2017	-	(18,919)	(18,919)
Recognised in profit or loss	(104)	2,982	2,878
At 31 December 2017	(104)	(15,937)	(16,041)

As disclosed in Note 2.4(q)(ii), the tax effects of deductible temporary differences, unutilised tax losses and unused tax credits which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unutilised tax losses and unused tax credits can be utilised. At the financial year end, the amounts of unutilised tax losses and unused capital allowances which are not recognised in the financial statements due to uncertainty of their realisation are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unused capital allowances	5,972	5,218	5,972	5,218
Unutilised tax losses	8,561	8,153	406	-
	14,533	13,371	6,378	5,218

The availability of unutilised tax losses for offsetting against future taxable profits of a subsidiary in Malaysia is subject to no substantial changes in the shareholding of the subsidiary under the Income Tax Act 1967 and guidelines issued by the tax authority. With effect from year of assessment ("YA") 2019, unutilised business losses arising from a YA is allowed to only be carried forward from YA 2018 for utilisation up to 7 consecutive YAs from that YA. In addition, any accumulated unabsorbed business losses brought forward from YA 2018 shall be allowed to be utilised for 7 consecutive YAs (i.e. until YA 2025).

21. Trade receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Trade receivables	40,345	48,398	2,028	1,925
Less: Allowance for impairment loss	(1,745)	(1,180)	(220)	(137)
	38,600	47,218	1,808	1,788

22. Other receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits	738	737	619	619
Prepayments	9,695	3,989	9,580	3,873
Interest receivable	3,899	5,014	193	861
Staff loans receivable within 12 months (Note 19)	460	535	425	460
Sundry receivables	9,536	11,581	5,854	7,885
	24,328	21,856	16,671	13,698
Less: Allowance for impairment loss	(5,756)	(5,892)	(2,326)	(2,370)
	18,572	15,964	14,345	11,328

23. Amount due from subsidiaries

	Company	
	2018	**2017**
	RM'000	**RM'000**
Bursa Malaysia Securities	6,386	10,462
Bursa Malaysia Securities Clearing	705	2,280
Bursa Malaysia Derivatives	1,452	1,740
Bursa Malaysia Derivatives Clearing	480	699
Bursa Malaysia Depository	1,775	2,782
Bursa Malaysia Islamic Services	787	1,443
Bursa Malaysia Information	745	802
LFX	1	1
Bursa Malaysia Bonds	11,882	11,875
	24,213	32,084
Less: Allowance for impairment loss	(11,882)	(11,875)
	12,331	20,209

The amounts due from subsidiaries are unsecured, receivable within 30 days and bear late payment interest charges of 8.9% (2017: 8.7%) per annum.

24. Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions

	Group 2018 RM'000	Group 2017 RM'000
Equity margins	125,385	115,344
Derivatives trading margins	1,223,643	1,025,727
Security deposits	26,927	24,953
Trade payables (**Note a**)	1,375,955	1,166,024
Cash received for eDividend distributions (included in other payables (Note 32))	40	2,502
Total cash for equity margins, derivatives trading margins, security deposits and eDividend distributions (**Note b**)	1,375,995	1,168,526

Note a

Trade payables comprise derivatives trading margins and security deposits which are derived from cash received from Clearing Participants ("CPs") of Bursa Malaysia Derivatives Clearing for their open interests in derivatives contracts as at the financial year end. Trade payables also comprise collaterals lodged by Trading Clearing Participants ("TCPs") of Bursa Malaysia Securities Clearing for equity margins and for borrowings under the Securities Borrowing and Lending ("SBL") framework. There are no cash collaterals lodged by TCPs for borrowings under the SBL framework as at the financial year end.

Note b

The cash received from CPs and TCPs are placed in interest-bearing deposits and interest earned is credited to the CPs' and TCPs' accounts net of collateral management services fees levied by Bursa Malaysia Derivatives Clearing and Bursa Malaysia Securities Clearing respectively. Cash received for eDividend distributions are placed in interest-bearing deposits until such time when dividend payments are due. The details of the cash received are as follows:

	Group 2018 RM'000	Group 2017 RM'000
Cash on hand and at banks	245,486	305,987
Deposits with licensed financial institutions	1,130,509	862,539
	1,375,995	1,168,526

24. Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions (cont'd.)

Note c

The amount of non-cash collaterals for equity margins, derivatives trading margins and security deposits 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 2018 RM'000	Group 2017 RM'000
Collaterals in the form of letters of credit	620,819	581,830
Collaterals in the form of shares	307	525
	621,126	582,355

25. Cash and bank balances of Clearing Funds

Group	**Participants' contribution RM'000**	**Cash set aside by the Group RM'000**	**Total RM'000**
As at 31 December 2018			
Contributions from:			
TCPs of Bursa Malaysia Securities Clearing	18,768	-	18,768
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	18,768	85,000	103,768
Contributions from:			
CPs of Bursa Malaysia Derivatives Clearing	21,038	-	21,038
Bursa Malaysia Derivatives Clearing	-	5,000	5,000
Derivatives Clearing Fund ("DCF") contributions	21,038	5,000	26,038
Total cash and bank balances of Clearing Funds as at 31 December 2018	39,806	90,000	129,806

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

Group (cont'd.)	Participants' contribution RM'000	Cash set aside by the Group RM'000	Total RM'000
As at 31 December 2017			
Contributions from:			
TCPs of Bursa Malaysia Securities Clearing	17,577	-	17,577
Bursa Malaysia Securities Clearing	-	25,000	25,000
Additional cash resources from Bursa Malaysia Securities Clearing	-	60,000	60,000
CGF contributions	17,577	85,000	102,577
Contributions from:			
CPs of Bursa Malaysia Derivatives Clearing	22,051	-	22,051
Bursa Malaysia Derivatives Clearing	-	5,000	5,000
DCF contributions	22,051	5,000	27,051
Total cash and bank balances of Clearing Funds as at 31 December 2017	39,628	90,000	129,628

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

	2018 RM'000	2017 RM'000
Cash and bank balances	103,768	102,577
Bank guarantees from TCPs of Bursa Malaysia Securities Clearing	-	2,940
Total CGF	103,768	105,517

The bank guarantees above were lodged and accepted by the Group prior to the effective date of the removal of the bank guarantee as an acceptable form of contribution to the CGF pursuant to the amendments to the Rules of Bursa Malaysia Securities Clearing on 18 December 2017.

(b) There are no non-cash collaterals from CPs of Bursa Malaysia Derivatives Clearing for the DCF held by the Group as at 31 December 2018 and 31 December 2017.

26. Cash and bank balances of the Group/Company

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	3,678	4,299	1,171	381
Deposits with:				
Licensed banks	172,695	207,679	36,442	70,832
Licensed investment banks	46,412	59,229	6,795	16,853
	219,107	266,908	43,237	87,685
Total cash and bank balances	222,785	271,207	44,408	88,066

(a) 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	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Total cash and bank balances	222,785	271,207	44,408	88,066
Less: Deposits not for short-term funding requirements	(54,825)	(23,075)	(15,179)	(14,761)
	167,960	248,132	29,229	73,305

27. Share capital

	2018		2017	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Issued and fully paid				
Group				
At 1 January	537,501	402,169	536,272	268,136
Issued during the year pursuant to:				
- bonus issue	268,750	15,323	-	-
- SGP (Note 30(b))	1,224	6,650	1,229	9,731
Adjustments for the effects of Companies Act 2016:				
- share premium	-	-	-	119,052
- capital redemption reserve	-	-	-	5,250
At 31 December	807,475	424,142	537,501	402,169

27. Share capital (cont'd.)

	2018		2017	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Company				
At 1 January	537,501	396,919	536,272	268,136
Issued during the year pursuant to:				
- bonus issue	268,750	15,323	-	-
- SGP (Note 30(b))	1,224	6,650	1,229	9,731
Adjustments for the effects of Companies Act 2016:				
- share premium	-	-	-	119,052
At 31 December	807,475	418,892	537,501	396,919

In the previous financial year, the credits standing in the share premium and capital redemption reserve accounts of RM119,052,000 and RM5,250,000 respectively were transferred to the share capital account pursuant to the Companies Act 2016, which came into effect on 31 January 2017.

During the current financial year, the number of ordinary shares of the Group and of the Company increased from 537,501,000 to 807,475,000 due to the following:

(a) On 13 April 2018, the issuance of 268,750,000 new ordinary shares via a bonus issue, credited as fully paid-up share capital on the basis of one new ordinary share for every two existing ordinary shares through capitalisation of the share premium and retained earnings of the Group and of the Company of RM119,052,000 and RM15,323,000 respectively; and

(b) On 13 July 2018, the issuance of 1,224,000 new ordinary shares pursuant to the SGP, details of which are disclosed in Note 30(b).

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.

28. Other reserves

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Foreign currency translation reserve	(a)	605	531	-	-
Share grant reserve	(b)	6,963	6,849	6,963	6,849
Clearing fund reserves	(c)	30,000	30,000	-	-
FVTOCI reserve	(d)	213,743	142,558	213,503	142,316
		251,311	179,938	220,466	149,165

(a) 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.

(b) 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.

(c) Clearing fund reserves

		Group	
	Note	2018 RM'000	2017 RM'000
Amount set aside for:			
CGF, in accordance with the Rules of Bursa Malaysia Securities Clearing	(i)	25,000	25,000
DCF, in accordance with the 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 minimum size of the CGF shall be at RM100,000,000 and may increase by the quantum of interest arising from investments of contributions from the TCPs. The CGF comprises contributions from the TCPs and appropriation from Bursa Malaysia Securities Clearing resources, and other financial resources. The CGF composition is disclosed in Note 25(a).

28. Other reserves (cont'd.)

(c) Clearing fund reserves (cont'd.)

(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 25.

(d) FVTOCI reserve

FVTOCI reserve represents the cumulative fair value changes, net of tax, of investment securities until they are disposed or impaired.

29. Retained earnings

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

30. Employee benefits

(a) Retirement benefit obligations

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

	Group and Company	
	2018	**2017**
	RM'000	**RM'000**
Present value of funded defined benefit obligations	19,602	22,226
Fair value of plan assets	(1,520)	(366)
Net liability arising from defined benefit obligations	18,082	21,860

30. Employee benefits (cont'd.)

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

(i) The movements in the net defined benefit liabilities were as follows:

		Group and Company		
	Note	Present value of funded defined benefit obligations RM'000	Fair value of plan assets RM'000	Total RM'000
At 1 January 2018		22,226	(366)	21,860
Interest expense/(income)	5	1,007	(18)	989
		23,233	(384)	22,849
Remeasurements:				
- experience gain		(246)	-	(246)
		(246)	-	(246)
Contributions by employer		-	(4,521)	(4,521)
Payments from plan		(3,385)	3,385	-
At 31 December 2018		19,602	(1,520)	18,082
At 1 January 2017		26,107	(1,028)	25,079
Interest expense/(income)	5	1,226	(52)	1,174
		27,333	(1,080)	26,253
Remeasurements:				
- return on plan assets		-	22	22
- financial assumptions		95	-	95
- experience gain		(467)	-	(467)
		(372)	22	(350)
Contributions by employer		-	(4,043)	(4,043)
Payments from plan		(4,735)	4,735	-
At 31 December 2017		22,226	(366)	21,860

30. Employee benefits (cont'd.)

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

(ii) The plan assets comprise the following:

	Group and Company 2018 RM'000	2017 RM'000
Investment securities:		
- Malaysian Government Securities	304	499
Cash and bank balances	1,219	104
Other receivables	5	227
Other payables	(8)	(464)
	1,520	366

(iii) Principal actuarial assumptions used for determination of the defined benefits obligation are as follows

	Group and Company 2018 %	2017 %
Discount rate	4.9	4.9
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 maturity.

(iv) The sensitivity analysis below has been derived based on changes to individual assumptions, with all other assumptions held constant:

	Group and Company			
	Discount rate		Salary increment rate	
	Increase by 1% RM'000	Decrease by 1% RM'000	Increase by 1% RM'000	Decrease by 1% RM'000
At 31 December 2018				
(Decrease)/Increase in defined benefit obligations	(796)	852	776	(741)

30. Employee benefits (cont'd.)

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

(iv) The sensitivity analysis below has been derived based on changes to individual assumptions, with all other assumptions held constant: (cont'd.)

	Group and Company			
	Discount rate		Salary increment rate	
	Increase by 1% RM'000	Decrease by 1% RM'000	Increase by 1% RM'000	Decrease by 1% RM'000
At 31 December 2017				
(Decrease)/Increase in defined benefit obligations	(1,141)	766	683	(1,081)

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 to one another as some assumptions may be correlated.

No changes were made to the methods and types of assumptions used in preparing the sensitivity analysis for the current financial year compared to the previous year.

(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.

The SGP comprises two types of performance-based awards, namely RSP and 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, at 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 offers shall lapse should the eligible employees or Executive Directors of the Group fail to accept the same within the periods stipulated.

30. Employee benefits (cont'd.)

(b) SGP (cont'd.)

(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 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 maximum shares available shall be allocated, in aggregate, to Executive Directors and senior management of the Group. In addition, not more than 10% of the maximum 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 respects 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 Constitution of the Company relating to transfer, transmission or otherwise.

(v) Unless otherwise determined by the Committee in accordance with the By-Laws, 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.

30. Employee benefits (cont'd.)

(b) SGP (cont'd.)

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

	Group and Company					
	At 1 January '000	Bonus issue '000	Granted '000	Vested '000	Forfeited '000	At 31 December '000
2018						
2015 grants:						
RSP	321	155	-	(465)	(11)	-
PSP	395	185	-	-	(580)	-
2016 grants:						
RSP	630	302	-	(442)	(43)	447
PSP	289	133	-	-	(59)	363
2017 grants:						
RSP	680	326	-	(311)	(56)	639
PSP	197	91	-	-	(40)	248
2018 grants:						
RSP	-	-	1,023	(6)	(38)	979
PSP	-	-	288	-	(24)	264
	2,512	1,192	1,311	(1,224)	(851)	2,940
2017						
2014 grants:						
RSP	346	-	-	(335)	(11)	-
PSP	426	-	-	-	(426)	-
2015 grants:						
RSP	685	-	-	(319)	(45)	321
PSP	441	-	-	-	(46)	395
2016 grants:						
RSP	1,041	-	-	(325)	(86)	630
PSP	312	-	-	-	(23)	289
2017 grants:						
RSP	-	-	979	(250)	(49)	680
PSP	-	-	229	-	(32)	197
	3,251	-	1,208	(1,229)	(718)	2,512

30. Employee benefits (cont'd.)

(b) SGP (cont'd.)

As disclosed in Note 27, share grants vested during the financial year resulted in the issuance of 1,224,000 (2017: 1,229,000) ordinary shares. The weighted average share price at the date of vesting for the financial year was RM5.44 (2017: RM7.92).

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

(i) The 2018 grants are to be vested within the next 3 years.

(ii) The 2017 grants are to be vested within the next 2 years.

(iii) The 2016 grant is to be vested within the next year.

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 on 18 April 2018 (2017: 3 July 2017) was estimated using a discounted cash flow model, taking into account the vesting conditions upon which the RSP shares were granted. The weighted average fair value of the RSP shares at the grant date was RM6.89 (2017: RM10.35). An average expected dividend yield of 3.9% (2017: 3.9%) was used in measuring the fair values.

(ii) The performance conditions for the PSP include 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:

	2018	**2017**
Grant date	27 April	3 July
Share price	RM7.26	RM10.54
Expected dividend yield	4.3%	4.1%
Expected volatility	15.0%	15.0%
Risk free rate	3.7%	3.4%

On 27 November 2017, the Company announced the proposed establishment and implementation of a new employees' share grant plan ("ESGP"), to replace the existing SGP. The proposed ESGP is pending approval from the Securities Commission Malaysia before its tabling to the shareholders of the Company for approval.

31. Deferred grants

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	2,038	3,092	972	1,895
Grant income (Note 4)	(1,338)	(1,559)	(1,206)	(1,428)
Received during the year	2,105	505	2,105	505
At 31 December	2,805	2,038	1,871	972

The deferred grants of the Group refer to grants from the Capital Market Development Fund ("CMDF") and the Securities Commission for the development of the bond trading platform, the development of clearing facilities and the licence for the order management system for the derivatives market, and the construction of an Environmental, Social and Governance ("ESG") index. The deferred grants of the Company refers to the grant from the CMDF for the development of the bond trading platform and the construction of an ESG index. There are no unutilised conditions or contingencies attached to these grants.

32. Other payables

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Accruals	22,869	24,791	18,990	18,002
Amount due to Securities Commission	4,141	6,627	-	-
Capital Market Education and Integrity Fund	18,919	21,551	18,919	21,551
Provision for employee benefits	25,153	29,362	24,037	27,993
Receipts in advance	4,849	6,690	795	603
Sundry payables	21,567	26,968	6,458	11,018
	97,498	115,989	69,199	79,167

Included in sundry payables of the Group is cash received for eDividend distributions amounting to RM40,000 (2017: RM2,502,000).

32. Other payables

Receipt in advance of the Group and of the Company represent contract liabilities to customers. The movement in contract liabilities are as below:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At 1 January	6,690	8,480	603	543
Income recognised	(5,831)	(5,535)	(357)	(227)
Received during the year	3,990	3,745	549	287
At 31 December	4,849	6,690	795	603

33. 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 of the Company, 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:

	2018 RM'000	2017 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.

34. Operating lease arrangements

(a) The Group and the Company as lessor of building

The Company has entered into operating lease agreements for the rental of office space in its building. The lease period is three years, with renewal option for 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	
	2018	**2017**
	RM'000	**RM'000**
Not later than one year	950	427
Later than one year and not later than five years	1,187	88
	2,137	515

The rental income for the financial years are disclosed in Note 4.

(b) 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	
	2018	**2017**
	RM'000	**RM'000**
Not later than one year	4,740	4,740
Later than one year and not later than five years	14,221	18,961
	18,961	23,701

Office space rental income earned by the Company for the current and previous financial years are disclosed in Note 3 and Note 36(a).

34. Operating lease arrangements (cont'd.)

(c) The Company as lessor of computer equipment

The Company has entered into an operating lease arrangement with its subsidiaries for the use of computer equipment. The computer equipment is leased between three to ten 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	
	2018	**2017**
	RM'000	**RM'000**
Not later than one year	8,794	9,445
Later than one year and not later than five years	15,987	17,540
Later than five years	2,114	3,185
	26,895	30,170

Income from the lease of computer equipment for the current and previous financial years are disclosed in Note 3 and Note 36(a).

35. Capital commitments

	Group		**Company**	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Approved and contracted for				
Computers and office automation	2,193	1,669	2,193	1,669
Office equipment and renovation	364	12	364	12
	2,557	1,681	2,557	1,681
Approved but not contracted for				
Computers and office automation	2,851	60	2,842	60
Office equipment and renovation	-	50	-	50
	2,851	110	2,842	110

36. Significant related party disclosures

(a) Transactions with subsidiaries

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

	2018 RM'000	2017 RM'000
Management fees income from:		
Bursa Malaysia Securities	87,918	82,293
Bursa Malaysia Derivatives	12,591	12,332
Bursa Malaysia Securities Clearing	9,663	9,825
Bursa Malaysia Derivatives Clearing	5,480	5,297
Bursa Malaysia Depository	19,349	20,140
Bursa Malaysia Information	5,867	5,948
Bursa Malaysia Islamic Services	7,903	7,586
Bursa Malaysia Bonds	2	2
LFX	15	15
	148,788	143,438
Office space rental income from:		
Bursa Malaysia Securities	1,881	1,848
Bursa Malaysia Derivatives	926	955
Bursa Malaysia Securities Clearing	228	236
Bursa Malaysia Depository	1,197	1,175
Bursa Malaysia Information	132	158
Bursa Malaysia Islamic Services	376	346
	4,740	4,718

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

(a) Transactions with subsidiaries (cont'd.)

	2018 RM'000	2017 RM'000
Lease of computer equipment from:		
Bursa Malaysia Securities	8,089	8,965
Bursa Malaysia Derivatives	722	909
Bursa Malaysia Securities Clearing	390	1,029
Bursa Malaysia Derivatives Clearing	125	146
Bursa Malaysia Depository	579	815
Bursa Malaysia Information	126	138
Bursa Malaysia Islamic Services	1,330	1,054
	11,361	13,056
Dividend income from:		
Bursa Malaysia Securities	110,000	84,000
Bursa Malaysia Derivatives	20,399	39,173
Bursa Malaysia Securities Clearing	50,000	46,000
Bursa Malaysia Depository	49,000	52,000
Bursa Malaysia Information	18,000	15,500
Bursa Malaysia Islamic Services	5,000	-
	252,399	236,673

Management fees 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 23.

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.

(b) Transactions with other related parties

Government-linked and other entities are related to the Company by virtue of the substantial shareholding of Kumpulan Wang Persaraan (Diperbadankan) 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.

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

(c) Compensation of key management personnel

Key management personnel refers to the management committee of the Group and of the Company. The remuneration of key management personnel during the current and previous financial years are as follows:

	Group and Company	
	2018 RM'000	2017 RM'000
Short-term employee benefits	11,091	11,282
Contributions to defined contribution plan - EPF	1,475	1,231
SGP	1,079	2,762
	13,645	15,275

Included in total remuneration of key management personnel are:

	Group and Company	
	2018 RM'000	2017 RM'000
Executive Director's remuneration (Note 9)	3,933	5,883
Benefits-in-kind (Note 9)	35	35
	3,968	5,918

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	
	2018 '000	2017 '000
At 1 January	766	992
Bonus issue	342	-
Granted during the year	345	531
Forfeited during the year	(495)	(384)
Vested during the year	(128)	(373)
At 31 December	830	766

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

(c) Compensation of key management personnel (cont'd.)

The remuneration of each key senior management personnel during the current and previous financial years was as follows:

	Salary RM'000	Bonus RM'000	Defined contribution plan - EPF RM'000	Other emoluments RM'000	Benefits-in-kind RM'000	Total RM'000
2018						
Datuk Seri Tajuddin bin Atan	1,440	1,440	418	635	35	3,968
Selvarany Rasiah	886	379	212	431	-	1,908
Datin Azalina binti Adham	634	158	142	464	-	1,398
Yew Yee Tee	540	135	130	394	-	1,199
Rosidah binti Baharom	479	120	111	401	-	1,111
Jamaluddin bin Nor Mohamad	564	242	140	292	-	1,238
Mahdzir bin Othman	540	45	113	214	-	912
2017						
Datuk Seri Tajuddin bin Atan	1,440	1,440	418	2,585	35	5,918
Selvarany Rasiah	794	379	195	351	-	1,719
Datin Azalina binti Adham	587	198	136	304	-	1,225
Yew Yee Tee	411	135	101	219	-	866
Rosidah binti Baharom	428	120	102	231	-	881
Jamaluddin bin Nor Mohamad	532	242	135	272	-	1,181
Mahdzir bin Othman *	207	-	41	128	-	376

* Appointed on 14 August 2017.

37. 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 the Chicago Mercantile Exchange ("CME") Group over the ordinary shares of Bursa Malaysia Derivatives representing the 25% equity interest disposed to the 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.

38. 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 currency 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.

(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 the CME Group. The shares were obtained as part of the purchase consideration in the strategic alliance forged with the CME Group.

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

An increase/decrease of 1% (2017: 1%) in the quoted price of the instrument would result in an increase/decrease in equity of RM2,980,000 (2017: RM2,268,000).

(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's and the Company's deposits with licensed financial institutions and commercial paper are carried at a fixed rate and therefore is not affected by the movements in market interest rates.

The Group is exposed to interest rate risk through the holding of unquoted bonds.

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

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

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Group's equity to a 25 basis points (2017: 25 basis points) increase/decrease in interest rates with all other variables held constant:

	Group	
	2018 RM'000	2017 RM'000
Effects on equity if:		
- increase by 25 basis points	(250)	(360)
- decrease by 25 basis points	250	360

The sensitivity is the effect of the assumed changes in interest rates on changes in fair value of investment securities for the year, based on revaluing fixed rate financial assets at the end of the financial year.

Interest rate exposure

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

Group	Maturity Less than one year RM'000	Maturity One to five years RM'000	Total RM'000	Effective interest rate %
At 31 December 2018				
Investment securities:				
- unquoted bonds	30,012	40,147	70,159	4.46
- commercial paper	4,923	-	4,923	4.30
Deposits with licensed financial institutions:				
- cash set aside by the Group for Clearing Funds	90,000	-	90,000	3.89
- cash and bank balances	219,107	-	219,107	3.75

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

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

Interest rate exposure (cont'd.)

Group (cont'd.)	Maturity Less than one year RM'000	Maturity One to five years RM'000	Total RM'000	Effective interest rate %
At 31 December 2017				
Investment securities:				
- unquoted bonds	25,039	54,973	80,012	4.46
Deposits with licensed financial institutions:				
- cash set aside by the Group for Clearing Funds	90,000	-	90,000	3.87
- cash and bank balances	266,908	-	266,908	3.80

Company	Maturity less than one year RM'000	Effective interest rate %
At 31 December 2018		
Investment securities:		
- commercial paper	4,923	4.30
Deposits with licensed financial institutions:		
- cash and bank balances	43,237	3.79
At 31 December 2017		
Deposits with licensed financial institutions:		
- cash and bank balances	87,685	3.83

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

(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 such as that in United States Dollar ("USD"), Sterling Pound ("GBP"), Singapore Dollar ("SGD"), Japanese Yen ("JPY") and Euro ("EUR"). The Group and the Company are exposed to foreign currency risk primarily through the holding of CME Group shares which are denominated in USD, and transactions in USD.

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:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Financial assets - denominated in USD				
Investment securities:				
- shares quoted outside Malaysia	297,993	226,806	297,993	226,806
Trade receivables	1,801	1,265	-	-
	299,794	228,071	297,993	226,806
Financial liabilities				
Other payables:				
- denominated in USD	4,380	5,047	-	175
- denominated in GBP	352	168	352	168

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 liabilities.

Group	USD RM'000	SGD RM'000	JPY RM'000	EUR RM'000	Total RM'000
At 31 December 2018					
Financial assets					
Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions	312,753	218	2,254	18,328	333,553
Financial liabilities					
Trade payables	(312,753)	(218)	(2,254)	(18,328)	(333,553)
	-	-	-	-	-

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

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

Group	USD RM'000	SGD RM'000	JPY RM'000	EUR RM'000	Total RM'000
At 31 December 2017					
Financial assets					
Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions	336,486	218	3,956	26,870	367,530
Financial liabilities					
Trade payables	(336,486)	(218)	(3,956)	(26,870)	(367,530)
	-	-	-	-	-

The following table demonstrates the sensitivity of the Group's and of the Company's profit after tax and equity to a reasonable 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 2018				
USD - strengthens by 5% against RM	(98)	14,802	-	14,900
GBP - strengthens by 5% against RM	(13)	(13)	(13)	(13)
At 31 December 2017				
USD - strengthens by 5% against RM	(144)	11,196	(7)	11,333
GBP - strengthens by 5% against RM	(6)	(6)	(6)	(6)

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

(d) Liquidity risk

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

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

(d) Liquidity risk (cont'd.)

(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 requirements.

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

	Maturity				
	On demand RM'000	Less than one year RM'000	One year to five years RM'000	Five years and above RM'000	Total RM'000
Group					
At 31 December 2018					
Other payables which are financial liabilities*	18,066	7,642	-	-	25,708
Lease liabilities	-	505	2,189	37,025	39,719
	18,066	8,147	2,189	37,025	65,427
At 31 December 2017					
Other payables which are financial liabilities*	17,971	15,624	-	-	33,595
Lease liabilities	-	505	2,189	37,563	40,257
	17,971	16,129	2,189	37,563	73,852
Company					
At 31 December 2018					
Other payables which are financial liabilities*	3,344	3,114	-	-	6,458
Lease liabilities	-	505	2,189	37,025	39,719
	3,344	3,619	2,189	37,025	46,177
At 31 December 2017					
Other payables which are financial liabilities*	2,345	8,673	-	-	11,018
Lease liabilities	-	505	2,189	37,563	40,257
	2,345	9,178	2,189	37,563	51,275

* Other payables which are financial liabilities include amount due to the Securities Commission and sundry payables as disclosed in Note 32.

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

(d) Liquidity risk (cont'd.)

(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 25, were set up to further mitigate this risk.

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

		Group	
		On demand	
	Note	2018 RM'000	2017 RM'000
Current assets			
Cash for equity margins, derivatives trading margins and security deposits	24	1,375,955	1,166,024
Cash and bank balances of Clearing Funds:			
- participants' contribution	25	39,806	39,628
Current liabilities			
Trade payables	24(a)	(1,375,955)	(1,166,024)
Participants' contribution to Clearing Funds	25	(39,806)	(39,628)
		-	-

(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 their investment securities, staff loans receivable, trade receivables, other receivables which are financial assets, and cash and bank balances.

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

For investment securities and cash and bank balances, the Group and the Company minimise credit risk by adopting an investment policy which allows dealing with counterparties with good credit ratings only. The Group and the Company closely monitor the credit worthiness of their counterparties by reviewing their credit ratings and credit profiles on a regular basis. Receivables are monitored to ensure that exposure to bad debts is minimised.

38. 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's and of the Company's investment securities and cash and bank balances rated by credit rating agencies at the financial year end are as follows:

	Government	←	Counterparty risk rating		→	
	Guaranteed	P1	AAA	AA	A	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
At 31 December 2018						
Investment securities:						
- unquoted bonds	15,063	-	14,969	40,127	-	70,159
- commercial paper	-	4,923	-	-	-	4,923
Cash and bank balances*	-	-	1,051,545	613,820	63,221	1,728,586
At 31 December 2017						
Investment securities:						
- unquoted bonds	9,977	-	9,957	60,078	-	80,012
Cash and bank balances*	-	-	875,884	624,660	68,817	1,569,361
Company						
At 31 December 2018						
Investment securities:						
- commercial paper	-	4,923	-	-	-	4,923
Cash and bank balances	-	-	12,013	32,395	-	44,408
At 31 December 2017						
Cash and bank balances	-	-	16,140	70,116	1,810	88,066

* Cash and bank balances include cash for equity margins, derivatives trading margins, security deposits and eDividend distributions, cash and bank balances of Clearing Funds, and the Group's cash and bank balances.

The Group's and the Company's investment securities are rated as investment grade and the allowance for impairment loss is measured on the basis of 12-months expected credit losses ("ECL"). There is no significant increase in credit risk for investment securities since initial recognition as at the financial year end. The movement of the allowance for impairment loss on investment securities is as follows:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
At 1 January	254	461	-	-
(Reversal of impairment loss)/impairment loss for the year, net (Note 7)	(104)	(207)	23	-
At 31 December	150	254	23	-

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

(e) Credit risk (cont'd.)

Receivables

The ageing analysis of the Group's and of the Company's gross receivables (before deducting allowance for impairment loss) are as follows:

Group	Note	Total RM'000	Credit impaired RM'000	Not credit impaired: Not past due RM'000	Past due: < 30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 180 days RM'000	> 181 days RM'000	Total RM'000
At 31 December 2018										
Staff loans receivable	19	2,747	-	2,747	-	-	-	-	-	-
Trade receivables	21	40,345	1,141	33,103	2,779	2,032	279	413	598	6,101
Other receivables which are financial assets*	22	14,173	5,751	8,422	-	-	-	-	-	-
At 31 December 2017										
Staff loans receivable	19	3,453	-	3,453	-	-	-	-	-	-
Trade receivables	21	48,398	584	39,398	3,293	1,904	505	1,181	1,533	8,416
Other receivables which are financial assets*	22	17,332	5,888	11,444	-	-	-	-	-	-

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

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

(e) Credit risk (cont'd.)

Receivables (cont'd.)

The ageing analysis of the Group's and of the Company's gross receivables (before deducting allowance for impairment loss) are as follows: (cont'd.)

				Not credit impaired						
					Past due					
Company	**Note**	**Total RM'000**	**Credit impaired RM'000**	**Not past due RM'000**	**< 30 days RM'000**	**31 - 60 days RM'000**	**61 - 90 days RM'000**	**91 - 180 days RM'000**	**> 181 days RM'000**	**Total RM'000**
At 31 December 2018										
Staff loans receivable	19	2,360	-	2,360	-	-	-	-	-	-
Trade receivables	21	2,028	192	632	670	98	101	64	271	1,204
Other receivables which are financial assets*	22	6,666	2,321	4,345	-	-	-	-	-	-
Amount due from subsidiaries	23	24,213	11,882	12,331	-	-	-	-	-	-
At 31 December 2017										
Staff loans receivable	19	3,018	-	3,018	-	-	-	-	-	-
Trade receivables	21	1,925	115	146	841	172	98	277	276	1,664
Other receivables which are financial assets*	22	9,365	2,366	6,999	-	-	-	-	-	-
Amount due from subsidiaries	23	32,084	11,875	20,209	-	-	-	-	-	-

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

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

(e) Credit risk (cont'd.)

Receivables (cont'd.)

Receivables that are neither past due nor credit impaired are creditworthy debtors with good payment records with the Group and with the Company. The Group's and the Company's trade receivables credit term ranges from 7 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's and the Company's receivables that are neither past due nor credit 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.

Receivables are not secured by any collaterals or credit enhancements other than as disclosed in Note 24.

Impairment on receivables

The Group and the Company apply the simplified approach whereby allowance for impairment are measured at lifetime ECL. The movement of the allowance for impairment loss on receivables is as follows:

Group	Trade receivables			Other receivables		
	Lifetime ECL allowance RM'000	Credit impaired (Note a) RM'000	Total allowance RM'000	Lifetime ECL allowance RM'000	Credit impaired (Note a) RM'000	Total allowance RM'000
At 1 January 2018	596	584	1,180	4	5,888	5,892
Charge/(Reversal) for the year **(Note b)**	8	557	565	1	(137)	(136)
At 31 December 2018	604	1,141	1,745	5	5,751	5,756
At 1 January 2017	555	396	951	28	5,917	5,945
Charge/(Reversal) for the year **(Note b)**	41	266	307	(24)	1,299	1,275
Write-offs	-	(78)	(78)	-	(1,328)	(1,328)
At 31 December 2017	596	584	1,180	4	5,888	5,892

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

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

(e) Credit risk (cont'd.)

Impairment on receivables (cont'd.)

(b) The Group's allowance for impairment loss on trade and other receivables during the current financial year increased by RM429,000 mainly due to the provision for higher impaired trade receivables. In the previous financial year, the Group's allowance for impairment loss on trade and other receivables increased by RM1,582,000 mainly due to the provision for higher impaired other receivables.

Company	Trade receivables			Other receivables			Amount due from subsidiary
	Lifetime ECL allowance	Credit impaired (Note a)	Total allowance	Lifetime ECL allowance	Credit impaired (Note a)	Total allowance	Specific allowance (Note a)
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	22	115	137	4	2,366	2,370	11,875
Charge/(Reversal) for the year **(Note b)**	6	77	83	1	(45)	(44)	7
At 31 December 2018	28	192	220	5	2,321	2,326	11,882
At 1 January 2017	51	115	166	28	2,366	2,394	11,863
Charge/(Reversal) for the year **(Note b)**	(29)	-	(29)	(24)	1,328	1,304	12
Write-offs	-	-	-	-	(1,328)	(1,328)	-
At 31 December 2017	22	115	137	4	2,366	2,370	11,875

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

(b) The Company's allowance for impairment loss on trade and other receivables during the current financial year increased by RM39,000 mainly due to the provision for higher impaired trade receivables. In the previous financial year, the Company's allowance for impairment loss on trade and other receivables increased by RM1,275,000 mainly due to the provision for higher impaired other receivables.

39. Classification of financial instruments

The Group's 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 financial 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 by their measurement basis.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Assets				
Financial assets at FVTOCI				
Investment securities:				
- quoted shares (outside Malaysia)	297,993	226,806	297,993	226,806
- unquoted bonds	70,159	80,012	-	-
	368,152	306,818	297,993	226,806
Financial assets at amortised cost				
Investment securities:				
- commercial paper	4,923	-	4,923	-
Staff loans receivable	2,747	3,453	2,360	3,018
Trade receivables	38,600	47,218	1,808	1,788
Other receivables which are financial assets*	8,417	11,440	4,340	6,995
Amount due from subsidiaries	-	-	12,331	20,209
Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions	1,375,995	1,168,526	-	-
Cash and bank balances of Clearing Funds	129,806	129,628	-	-
Cash and bank balances	222,785	271,207	44,408	88,066
	1,783,273	1,631,472	70,170	120,076
Total financial assets	2,151,425	1,938,290	368,163	346,882
Liabilities				
Financial liabilities at amortised cost				
Trade payables	1,375,955	1,166,024	-	-
Participants' contribution to Clearing Funds	39,806	39,628	-	-
Other payables which are financial liabilities**	25,708	33,595	6,458	11,018
Lease liabilities	7,971	7,975	7,971	7,975
Total financial liabilities	1,449,440	1,247,222	14,429	18,993

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

* Other receivables which are financial assets include deposits, interest receivables and sundry receivables, net of allowance for impairment loss, as disclosed in Note 22.

** Other payables which are financial liabilities include amount due to the Securities Commission and sundry payables as disclosed in Note 32.

40. Fair value

(a) Financial instruments that are carried at fair value

Investment securities are measured at fair value at different measurement hierarchies (i.e. Levels 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) of identical assets in active markets

Shares quoted outside Malaysia are measured at Level 1. The fair value of quoted shares is determined directly by reference to its published market bid price as at the financial year end.

(ii) Level 2: Inputs other than at 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.

(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 instruments measured at Level 3 in the current and previous financial years.

Group	Level 1 RM'000	Level 2 RM'000	Total RM'000
At 31 December 2018			
Investment securities:			
- quoted shares (outside Malaysia)	297,993	-	297,993
- unquoted bonds	-	70,159	70,159
	297,993	70,159	368,152
At 31 December 2017			
Investment securities:			
- quoted shares (outside Malaysia)	226,806	-	226,806
- unquoted bonds	-	80,012	80,012
	226,806	80,012	306,818

40. Fair value (cont'd.)

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

Company	Level 1 RM'000
At 31 December 2018	
Investment securities:	
- quoted shares (outside Malaysia)	297,993
At 31 December 2017	
Investment securities:	
- quoted shares (outside Malaysia)	226,806

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 as at 31 December 2018 and 31 December 2017.

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

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

	Note
Investment securities - commercial paper	18
Trade receivables	21
Other receivables which are financial assets (except staff loans receivable within 12 months)	22
Amount due from subsidiaries	23
Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions	24
Cash and bank balances of Clearing Funds	25
Cash and bank balances of the Group/Company	26
Trade payables	24(a)
Participants' contribution to Clearing Funds	25
Other payables which are financial liabilities	32

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.

40. Fair value (cont'd.)

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

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2018				
Staff loans receivable (Note 19)	2,747	2,646	2,360	2,275
At 31 December 2017				
Staff loans receivable (Note 19)	3,453	3,353	3,018	2,930

41. 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 RM877,963,000 (2017: RM852,026,000) as at the end of the financial year.

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

42. Significant events during the financial year

The proposed bonus issue announced by the Company on 27 November 2017 was approved by the shareholders at the Extraordinary General Meeting held on 28 March 2018. Subsequently, the number of ordinary shares of the Company on 13 April 2018 was increased from 537,501,000 to 806,251,000 by way of a bonus issue of 268,750,000 new ordinary shares, credited as fully paid-up share capital on the basis of one new ordinary share for every two existing ordinary shares through capitalisation of the share premium and retained earnings of the Company of RM119,052,000 and RM15,323,000 respectively.

43. 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 the securities exchange.

(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 the derivatives exchange.

(iii) The exchange holding business refers to the operation of the Company which functions as an investment holding company.

(iv) Others mainly comprise the provision of a Shariah compliant commodity trading platform, a reporting platform for bond traders and the provision of an exchange for the 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.

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

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

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43. Segment information (cont'd.)

Market segments

	Securities Market RM'000	Derivatives Market RM'000	Group Exchange Holding Company RM'000	Others RM'000	Total RM'000
At 31 December 2018					
Operating revenue	409,465	90,769	7,652	15,405	523,291
Other income	13,927	1,845	10,694	247	26,713
Direct costs	(87,623)	(46,813)	(30,740)	(6,843)	(172,019)
Segment profit/(loss)	335,769	45,801	(12,394)	8,809	377,985
Overheads					(69,810)
Profit before tax					308,175
Segment assets					
Assets	370,088	93,534	428,587	26,134	918,343
Clearing Funds	103,768	26,038	-	-	129,806
Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions	125,425	1,250,570	-	-	1,375,995
Segment assets	599,281	1,370,142	428,587	26,134	2,424,144
Unallocated corporate assets					10,416
Total assets					2,434,560
Segment liabilities					
Liabilities	33,168	12,749	64,775	15,624	126,316
Participants' contribution to Clearing Funds	18,768	21,038	-	-	39,806
Equity margins, derivatives trading margins, security deposits and eDividend distributions	125,425	1,250,570	-	-	1,375,995
Segment liabilities	177,361	1,284,357	64,775	15,624	1,542,117
Unallocated corporate liabilities					4,994
Total liabilities					1,547,111

43. Segment information (cont'd.)

Market segments (cont'd.)

	Securities Market RM'000	Derivatives Market RM'000	Group Exchange Holding Company RM'000	Others RM'000	Total RM'000
At 31 December 2018					
Other information					
Depreciation and amortisation in:					
- segments	6,388	1,837	835	1,392	10,452
- overheads	-	-	-	-	11,518
Other significant non-cash expenses:					
Net (reversal of impairment loss)/impairment loss on:					
- investment securities	(129)	-	25	-	(104)
- trade and other receivables	357	20	39	13	429
Retirement benefit obligations	-	-	-	-	989
SGP expense in:					
- segments	3,373	848	559	126	4,906
- overheads	-	-	-	-	1,858
At 31 December 2017					
Operating revenue	403,317	94,861	7,529	16,373	522,080
Other income	13,489	1,998	19,113	152	34,752
Direct costs	(90,200)	(48,544)	(35,918)	(6,363)	(181,025)
Segment profit/(loss)	326,606	48,315	(9,276)	10,162	375,807
Overheads					(69,924)
Profit before tax					305,883
Segment assets					
Assets	395,584	98,654	393,025	28,365	915,628
Clearing Funds	102,577	27,051	-	-	129,628
Cash for equity margins, derivatives trading margins, security deposits and eDividend distributions	117,846	1,050,680	-	-	1,168,526
Segment assets	616,007	1,176,385	393,025	28,365	2,213,782
Unallocated corporate assets					11,099
Total assets					2,224,881

43. Segment information (cont'd.)

Market segments (cont'd.)

	Securities Market RM'000	Derivatives Market RM'000	Group Exchange Holding Company RM'000	Others RM'000	Total RM'000
At 31 December 2017					
Segment liabilities					
Liabilities	38,892	12,712	79,067	14,689	145,360
Participants' contribution to Clearing Funds	17,577	22,051	-	-	39,628
Equity margins, derivatives trading margins, security deposits and eDividend distributions	117,846	1,050,680	-	-	1,168,526
Segment liabilities	174,315	1,085,443	79,067	14,689	1,353,514
Unallocated corporate liabilities					8,910
Total liabilities					1,362,424
Other information					
Depreciation and amortisation in:					
- segments	7,929	1,855	1,784	824	12,392
- overheads	-	-	-	-	11,408
Other significant non-cash expenses:					
Net (reversal of impairment loss)/impairment loss on:					
- investment securities	(207)	-	-	-	(207)
- trade and other receivables	336	(23)	1,275	(6)	1,582
Retirement benefit obligations	-	-	-	-	1,174
SGP expense in:					
- segments	2,781	881	2,688	77	6,427
- overheads	-	-	-	-	1,803