

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

**Statements of profit or loss
For the financial year ended 31 December 2017**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Operating revenue	3	522,080	472,708	405,414	349,138
Other income	4	34,752	34,075	19,112	18,218
		<u>556,832</u>	<u>506,783</u>	<u>424,526</u>	<u>367,356</u>
Staff costs	5	(137,525)	(128,550)	(131,695)	(119,442)
Depreciation and amortisation	6	(23,800)	(24,227)	(22,097)	(22,080)
Other operating expenses	7	(89,089)	(83,416)	(56,002)	(54,523)
Profit from operations		<u>306,418</u>	<u>270,590</u>	<u>214,732</u>	<u>171,311</u>
Finance costs	8	(535)	-	(535)	-
Profit before tax		<u>305,883</u>	<u>270,590</u>	<u>214,197</u>	<u>171,311</u>
Taxation	10	(75,674)	(67,929)	3,074	729
Profit for the year		<u>230,209</u>	<u>202,661</u>	<u>217,271</u>	<u>172,040</u>
Profit attributable to:					
Owners of the Company		223,040	193,621	217,271	172,040
Non-controlling interest		7,169	9,040	-	-
		<u>230,209</u>	<u>202,661</u>	<u>217,271</u>	<u>172,040</u>
Earnings per share attributable to owners of the Company (sen per share):					
Basic	11(a)	41.5	36.2		
Diluted	11(b)	<u>41.4</u>	<u>36.0</u>		

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

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

**Statements of comprehensive income
For the financial year ended 31 December 2017**

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Profit for the year	230,209	202,661	217,271	172,040
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
(Loss)/Gain on foreign currency translation	(329)	150	-	-
Net fair value changes in unquoted bonds at Fair Value Through Other Comprehensive Income ("FVTOCI")	36	356	-	-
Income tax effects relating to unquoted bonds at FVTOCI (Note 20)	(16)	2	-	-
	<u>(309)</u>	<u>508</u>	<u>-</u>	<u>-</u>
Items that will not be subsequently reclassified to profit or loss:				
Actuarial gain/(loss) on defined benefit obligations (Note 30(a))	350	(627)	350	(627)
Net fair value changes in quoted shares at FVTOCI	29,155	48,984	29,155	48,984
Income tax effects relating to actuarial (gain)/loss on defined benefit obligations (Note 20)	(84)	151	(84)	151
	<u>29,421</u>	<u>48,508</u>	<u>29,421</u>	<u>48,508</u>
Total other comprehensive income for the year, net of income tax	<u>29,112</u>	<u>49,016</u>	<u>29,421</u>	<u>48,508</u>
Total comprehensive income for the year	<u>259,321</u>	<u>251,677</u>	<u>246,692</u>	<u>220,548</u>
Total comprehensive income attributable to:				
Owners of the Company	252,152	242,637	246,692	220,548
Non-controlling interest	7,169	9,040	-	-
	<u>259,321</u>	<u>251,677</u>	<u>246,692</u>	<u>220,548</u>

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

**Bursa Malaysia Berhad
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**Statements of financial position
As at 31 December 2017**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Assets					
Non-current assets					
Property, plant and equipment	13	179,298	183,240	179,274	183,149
Computer software	14	40,841	47,107	33,071	38,269
Right-of-use assets	15(a)	8,407	-	8,407	-
Goodwill	16	42,957	42,957	29,494	29,494
Investment in subsidiaries	17	-	-	153,965	152,142
Investment securities	18	281,779	237,188	226,806	197,651
Staff loans receivable	19	2,918	3,525	2,558	3,120
Deferred tax assets	20	6,747	4,087	3,691	642
		<u>562,947</u>	<u>518,104</u>	<u>637,266</u>	<u>604,467</u>
Current assets					
Trade receivables	21	47,218	43,541	1,788	2,043
Other receivables	22	15,964	23,999	11,328	18,673
Due from subsidiaries	23	-	-	20,209	16,919
Tax recoverable		4,352	2,871	2,917	2,742
Investment securities	18	25,039	34,939	-	-
Cash for equity margins, derivatives trading margins, security deposits, Securities Borrowing and Lending ("SBL") collaterals and eDividend distributions	24	1,168,526	1,381,059	-	-
Cash and bank balances of Clearing Funds	25	129,628	126,213	-	-
Cash and bank balances of the Group/Company	26	271,207	305,626	88,066	119,956
		<u>1,661,934</u>	<u>1,918,248</u>	<u>124,308</u>	<u>160,333</u>
Total assets		<u>2,224,881</u>	<u>2,436,352</u>	<u>761,574</u>	<u>764,800</u>

Bursa Malaysia Berhad
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Statements of financial position
As at 31 December 2017 (cont'd.)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Equity and liabilities					
Equity					
Share capital	27	402,169	268,136	396,919	268,136
Share premium		-	119,052	-	119,052
Other reserves	28	179,938	157,843	149,165	121,511
Retained earnings	29	267,881	323,909	105,516	167,313
Equity attributable to owners of the Company		849,988	868,940	651,600	676,012
Non-controlling interest		12,469	18,300	-	-
Total equity		862,457	887,240	651,600	676,012
Non-current liabilities					
Retirement benefit obligations	30(a)	21,860	25,079	21,860	25,079
Deferred grants	31	2,038	3,092	972	1,895
Lease liabilities	15(b)	7,470	-	7,470	-
Deferred tax liabilities	20	1,729	2,123	-	-
		33,097	30,294	30,302	26,974
Current liabilities					
Trade payables	24	1,166,024	1,378,595	-	-
Participants' contribution to Clearing Funds	25	39,628	36,213	-	-
Other payables	32	115,989	100,509	79,167	61,814
Lease liabilities	15(b)	505	-	505	-
Tax payable		7,181	3,501	-	-
		1,329,327	1,518,818	79,672	61,814
Total liabilities		1,362,424	1,549,112	109,974	88,788
Total equity and liabilities		2,224,881	2,436,352	761,574	764,800

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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**Consolidated statement of changes in equity
For the financial year ended 31 December 2017**

Note	Attributable to owners of the Company										Non-controlling interest	Total equity
	Non-distributable					Distributable						
	Share capital	Share premium	Capital redemption reserve	Foreign currency translation reserve	Share grant reserve	Clearing fund reserves	FVTOCI reserve	Retained earnings	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	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 Share Grant Plan ("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)	-	-	-	-	-	-	-	-	(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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**Consolidated statement of changes in equity
For the financial year ended 31 December 2017 (cont'd.)**

Note	Attributable to owners of the Company											
	Non-distributable				Distributable							
	Share capital	Share premium	Capital redemption reserve	Foreign currency translation reserve	Share grant reserve	Clearing fund reserves	FVTOCI reserve	Retained earnings	Total	Non-controlling interest	Total equity	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2016	267,307	107,443	5,250	710	10,049	30,000	64,041	318,206	803,006	16,010	819,016	
Profit for the year	-	-	-	-	-	-	-	193,621	193,621	9,040	202,661	
Other comprehensive income for the year	-	-	-	150	-	-	49,342	(476)	49,016	-	49,016	
Total comprehensive income for the year	-	-	-	150	-	-	49,342	193,145	242,637	9,040	251,677	
Transactions with owners of the Company:												
Issuance of ordinary shares pursuant to SGP	27	829	11,609	-	-	(12,438)	-	-	-	-	-	
SGP expense (Note a)	5	-	-	-	-	10,739	-	-	10,739	-	10,739	
Dividends paid	12	-	-	-	-	-	-	(187,442)	(187,442)	-	(187,442)	
Dividends paid to non-controlling interest	17(b)	-	-	-	-	-	-	-	-	(6,750)	(6,750)	
Total transactions with owners of the Company		829	11,609	-	-	(1,699)	-	(187,442)	(176,703)	(6,750)	(183,453)	
At 31 December 2016		268,136	119,052	5,250	860	8,350	30,000	113,383	323,909	868,940	18,300	887,240

Note a

SGP expense comprises RM8,033,000 (2016: RM10,127,000) relating to shares granted to the employees of the Company (as disclosed in Note 5) and RM197,000 (2016: RM612,000) 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
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**Statement of changes in equity
For the financial year ended 31 December 2017**

Note	← Non-distributable Share →			Distributable		Total equity RM'000	
	Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	FVTOCI reserve RM'000	Retained earnings RM'000		
At 1 January 2017	268,136	119,052	8,350	113,161	167,313	676,012	
Adjustments for effects of Companies Act 2016	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)	-	(271,104)	
At 31 December 2017		396,919	-	6,849	142,316	105,516	651,600
At 1 January 2016		267,307	107,443	10,049	64,177	183,191	632,167
Profit for the year		-	-	-	-	172,040	172,040
Other comprehensive income for the year		-	-	-	48,984	(476)	48,508
Total comprehensive income for the year		-	-	-	48,984	171,564	220,548
Transactions with owners of the Company:							
Issuance of ordinary shares pursuant to SGP	27	829	11,609	(12,438)	-	-	-
SGP expense (Note a)		-	-	10,739	-	-	10,739
Dividends paid	12	-	-	-	-	(187,442)	(187,442)
Total transactions with owners of the Company		829	11,609	(1,699)	-	(187,442)	(176,703)
At 31 December 2016		268,136	119,052	8,350	113,161	167,313	676,012

Note a

SGP expense comprises RM8,033,000 (2016: RM10,127,000) relating to shares granted to the employees of the Company (as disclosed in Note 5) and RM197,000 (2016: RM612,000) 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
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**Statements of cash flows
For the financial year ended 31 December 2017**

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from operating activities					
Profit before tax		305,883	270,590	214,197	171,311
Adjustments for:					
(Accretion of discount)/Amortisation of premiums, net	7	(10)	52	-	-
Depreciation and amortisation	6	23,800	24,227	22,097	22,080
Dividend income from investment securities	4	(6,852)	(6,505)	(6,852)	(6,505)
Grant income	4	(1,559)	(1,170)	(1,428)	(1,078)
Gross dividend income from subsidiaries	3	-	-	(236,673)	(186,770)
Interest expense on lease liabilities	8	535	-	535	-
Interest income	4	(19,309)	(19,803)	(3,851)	(4,086)
Lease of equipment	7	194	222	184	213
Net gain on disposal of unquoted bonds	4	(25)	(47)	-	-
Net (reversal of impairment loss)/impairment loss on:					
Investment in subsidiaries	7	-	-	(1,823)	-
Investment securities	7	(207)	286	-	-
Trade and other receivables	7	1,582	(347)	1,275	28
Amount due from a subsidiary	7	-	-	12	6
Property, plant and equipment and computer software written off	7	-	5	-	5
Provision/(Reversal of provision) for short-term accumulating compensated unutilised leave	5	154	(55)	146	(26)
Retirement benefit obligations	5	1,174	1,319	1,174	1,319
SGP expense	5	8,230	10,739	8,033	10,127
Unrealised loss on foreign exchange differences		23	428	119	441
Operating profit/(loss) before working capital changes		313,613	279,941	(2,855)	7,065
Decrease/(Increase) in receivables		2,341	2,922	6,435	(2,144)
Increase/(Decrease) in payables		11,038	(5,160)	13,280	(5,998)
Changes in subsidiaries' balances		-	-	(3,105)	19,458
Cash generated from operations		326,992	277,703	13,755	18,381
Interest paid		(535)	-	(535)	-
Repayment on lease of equipment		(194)	(222)	(184)	(213)
Staff loans repaid, net of disbursements		520	743	477	702
Retirement benefits paid		(4,043)	(2,979)	(4,043)	(2,979)
Net tax paid		(76,628)	(73,316)	(234)	(706)
Net cash from operating activities		246,112	201,929	9,236	15,185

**Bursa Malaysia Berhad
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Statements of cash flows

For the financial year ended 31 December 2017 (cont'd.)

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash flows from/(used in) investing activities					
Dividends received		5,828	8,306	242,501	195,076
Decrease/(Increase) in deposits not for short-term funding requirements		68,503	(84,510)	52,914	(54,789)
Interest received		20,708	18,814	4,697	3,524
Proceeds from disposal of investment securities		39,739	40,012	-	-
Purchases of investment securities		(44,997)	(29,641)	-	-
Purchases of property, plant and equipment and computer software		(9,124)	(10,881)	(8,986)	(10,198)
Net cash from/(used in) investing activities		80,657	(57,900)	291,126	133,613
Cash flows used in financing activities					
Dividends paid	12	(279,334)	(187,442)	(279,334)	(187,442)
Dividends paid by a subsidiary to non-controlling interest		(13,000)	(6,750)	-	-
Repayment on lease liabilities		(4)	-	(4)	-
Net cash used in financing activities		(292,338)	(194,192)	(279,338)	(187,442)
Net increase/(decrease) in cash and cash equivalents					
		34,431	(50,163)	21,024	(38,644)
Effect of exchange rate changes		(347)	153	-	-
Cash and cash equivalents at beginning of year		214,048	264,058	52,281	90,925
Cash and cash equivalents at end of year	26(ii)	248,132	214,048	73,305	52,281

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

**Bursa Malaysia Berhad
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Notes to the financial statements - 31 December 2017

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.

The Company is an exchange holding company, whose principal activities are treasury management and the provision of management and administrative services to its subsidiaries. The principal activities of the subsidiaries are to operate the Malaysian securities, derivatives and offshore exchanges and the Shari'ah compliant commodity trading platform, to operate the related depository function and clearing houses, and to disseminate information relating to securities quoted on the exchanges. 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 on 5 February 2018.

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 financial instruments and retirement benefit obligations, have been prepared on the 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), except when otherwise indicated.

2.2 Changes in accounting policies and disclosures

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

- (i) Adoption of Amendments to Standards and Annual Improvements to Standards effective for the financial periods beginning on or after 1 January 2017**

Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*

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2. Significant accounting policies (cont'd.)

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

(i) Adoption of Amendments to Standards and Annual Improvements to Standards effective for the financial periods beginning on or after 1 January 2017 (cont'd.)

Amendments to MFRS 112 Income Taxes - *Recognition of Deferred Tax Assets for Unrealised Losses*

Amendments to MFRS 12 Disclosure of Interests in Other Entities (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group and of the Company, except for the Amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative*.

These amendments to MFRS 107 Statement of Cash Flows - *Disclosure Initiative* require the Group and the Company to disclose a reconciliation between the opening and closing balances for liabilities arising from financing activities, including changes arising from both cash flow and non-cash flow items, which is disclosed in Note 15(b).

(ii) Early adoption of Standards, Amendments to Standards, Annual Improvements to Standards and IC Interpretation

Effective for financial periods beginning on or after 1 January 2018

Amendments to MFRS 2 Share-based Payment - *Classification and Measurement of Share-based Payment Transactions*

Amendments to MFRS 4 Insurance Contracts - *Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*

Amendments to MFRS 140 Investment Property - *Transfers of Investment Property*

Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

Amendments to MFRS 128 Investments in Associates and Joint Ventures (*Annual Improvements to MFRSs 2014 - 2016 Cycle*)

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 *Leases*

The Group and the Company have elected to early adopt the above pronouncements which are mandatory for financial periods beginning on or after 1 January 2018 and 1 January 2019. These pronouncements are either not relevant or do not have any impact on the financial statements of the Group and of the Company, other than the Standard described below:

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2. Significant accounting policies (cont'd.)

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

(ii) Early adoption of Standards, Amendments to Standards, Annual Improvements to Standards and IC Interpretation (cont'd.)

MFRS 16 Leases

The Group and the Company have early adopted MFRS 16 *Leases* and applied this Standard retrospectively during the financial year. In accordance with the transition requirements under the Appendix C, paragraph 5(b) of this Standard, comparatives are not restated.

As a result of the adoption of MFRS 16 *Leases*, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 *Leases* are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 *Leases* continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

The following table presents the impact of changes to the statements of financial position of the Group and of the Company resulting from the early adoption of MFRS 16 *Leases* as at 1 January 2017:

	Note	As at 31 December 2016 RM'000	Changes RM'000	As at 1 January 2017 RM'000
Group				
Non-current assets				
Right-of-use assets	(a)	-	8,518	8,518
Current assets				
Other receivables	(b)	23,999	(539)	23,460
Non-current liabilities				
Lease liabilities		-	7,474	7,474
Current liabilities				
Lease liabilities		-	505	505
Total lease liabilities	(c)	-	7,979	7,979

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2. Significant accounting policies (cont'd.)

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

(ii) Early adoption of Standards, Amendments to Standards, Annual Improvements to Standards and IC Interpretation (cont'd.)

MFRS 16 Leases (cont'd.)

	Note	As at 31 December 2016 RM'000	Changes RM'000	As at 1 January 2017 RM'000
Company				
Non-current assets				
Right-of-use assets	(a)	-	8,518	8,518
Current assets				
Other receivables	(b)	18,673	(539)	18,134
Non-current liabilities				
Lease liabilities		-	7,474	7,474
Current liabilities				
Lease liabilities		-	505	505
Total lease liabilities	(c)	-	7,979	7,979

Note:

- (a) The right-of-use assets comprise 2 pieces of freehold land leased from the Government and recognised during the period. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by any prepaid or accrued lease payments relating to the existing lease immediately before 1 January 2017.
- (b) Prepaid lease payments which were previously classified as other receivables are now recognised as part of right-of-use assets.
- (c) The lease liabilities arising from the freehold land leased from the Government are recognised and discounted using the Group's and the Company's weighted average incremental borrowing rate of 6.7% on RM40,796,000 disclosed as operating lease commitments as at 31 December 2016. Subsequent to initial recognition, the Group and the Company measure the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.
- (d) There is no impact to the Group's and the Company's retained earnings as at 1 January 2017.

Other than the above, the Group and the Company elected to apply exemption for a lease of equipment expiring within 12 months under the Appendix C, paragraph 10(c) of this Standard. The lease payments are recognised as an expense on a straight line basis over the remaining lease term during the current financial year.

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2. Significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following Standards, Amendments to Standards, Annual Improvements to Standards and IC Interpretation have been issued by the MASB but are not yet effective and have not been early adopted by the Group and by the Company. These pronouncements are either not relevant or do not have any impact on the financial statements of the Group and of the Company.

Effective for financial periods beginning on or after 1 January 2019

Amendments to MFRS 3 Business Combinations (*Annual Improvements to MFRSs 2015 - 2017 Cycle*)

Amendments to MFRS 9 Financial Instruments - *Prepayment Features with Negative Compensation*

Amendments to MFRS 11 Joint Arrangements (*Annual Improvements to MFRSs 2015 - 2017 Cycle*)

Amendments to MFRS 112 Income Taxes (*Annual Improvements to MFRSs 2015 - 2017 Cycle*)

Amendments to MFRS 123 Borrowing Costs (*Annual Improvements to MFRSs 2015 - 2017 Cycle*)

Amendments to MFRS 128 Investment in Associates and Joint Ventures - *Long-term Interests in Associates and Joint Ventures*

IC Interpretation 23 Uncertainty over Income Tax Treatments

Effective for financial periods beginning on or after 1 January 2021

MFRS 17 *Insurance Contracts*

Effective date of these 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*

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.

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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

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.

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).

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2. Significant accounting policies (cont'd.)

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

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

(ii) Basis of consolidation (cont'd.)

Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

(iii) Transactions with non-controlling interest

Non-controlling interest represents the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated statements of financial position, separately from the 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:

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2. Significant accounting policies (cont'd.)

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

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

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

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.

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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

The Group and the Company have recognised and measured its leases in accordance with MFRS 16 *Leases* effective from 1 January 2017. The financial impact to the Group's and the Company's financial statements on initial adoption of this Standard is disclosed in Note 2.2(ii).

(i) The Group and the Company as lessee

Recognition and measurement in financial year ended 31 December 2017

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.

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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.)

Recognition and measurement in financial year ended 31 December 2017 (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.

Recognition and measurement in financial year ended 31 December 2016

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

(ii) The Group and the Company as lessor

The Group and the Company classified its leases as either operating lease or finance lease. 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.

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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 are 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.

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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.

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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 over the expected life with the risk of default since initial recognition.

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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 occurring 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.

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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 instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(i) Financial liabilities at FVTPL

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

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

The Group and the Company do not have any financial liabilities at FVTPL as at the financial year end.

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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.

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.

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2. Significant accounting policies (cont'd.)

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

(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 a 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.

(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.

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2. Significant accounting policies (cont'd.)

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

(n) Revenue recognition (cont'd.)

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: (cont'd.)

- (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.

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.

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2. Significant accounting policies (cont'd.)

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

(n) Revenue recognition (cont'd.)

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 a 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 fee is recognised on an accrual basis. Guarantee fees are recognised on a daily basis on day end margin requirements for open contracts. Tender fees are recognised on per contract tendered.

(v) Listing and issuer services

Listing and issuer services revenue comprise:

(a) Listing fees

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

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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 (cont'd.)

(b) Perusal and processing 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 at a point in time.

(vi) Depository services

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

(vii) Market data

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

(viii) Member services and connectivity

Member services and connectivity mainly comprise:

(a) Access fees

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

(b) Participants' fees

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

(c) Broker services

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

(ix) Other operating revenue

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

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2. Significant accounting policies (cont'd.)

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

(n) Revenue recognition (cont'd.)

(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.

(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").

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2. Significant accounting policies (cont'd.)

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

(o) Employee benefits (cont'd.)

(iii) Defined benefit plan

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

The Group'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.

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.

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2. Significant accounting policies (cont'd.)

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

(o) Employee benefits (cont'd.)

(v) Separation benefits

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

(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.

(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.

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2. Significant accounting policies (cont'd.)

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

(q) Income taxes (cont'd.)

(ii) Deferred tax (cont'd.)

Deferred tax 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.

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.

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2. Significant accounting policies (cont'd.)

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

(r) Foreign currency (cont'd.)

(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.

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 income statement presented are translated at average monthly exchange rates, which approximate the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised directly in other comprehensive income. On disposal of a subsidiary with foreign currency as its functional currency, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular subsidiary is recognised in profit or loss.

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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.

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

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2. Significant accounting policies (cont'd.)

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

Key sources of estimation uncertainty (cont'd.)

(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

Investment 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, 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 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.

(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.

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2. Significant accounting policies (cont'd.)

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

Key sources of estimation uncertainty (cont'd.)

(f) Defined benefit plan

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

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

(g) Share grant plan

The Group and the Company measure the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the dates which they are granted. 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	
	2017	2016
	RM'000	RM'000
Clearing fees (Note a)	209,043	168,382
Trade fees	28,117	22,294
Others	22,457	22,245
Total Securities trading revenue	<u>259,617</u>	<u>212,921</u>
Clearing fees	18,299	19,469
Trade fees	46,098	49,764
Others	16,152	19,495
Total Derivatives trading revenue	<u>80,549</u>	<u>88,728</u>
Bursa Suq Al-Sila ("BSAS") trading revenue	15,825	16,439
Listing and issuer services	61,775	53,540
Depository services	42,376	39,035
Market data	34,524	35,292
Member services and connectivity	21,408	21,001
Conference fee and exhibition related income	6,006	5,752
	<u>181,914</u>	<u>171,059</u>
Total operating revenue (Note b)	<u>522,080</u>	<u>472,708</u>

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3. Operating revenue (cont'd.)

	Company	
	2017	2016
	RM'000	RM'000
Broker services	7,529	7,500
Income from subsidiaries (Note 36(a)):		
Dividend	236,673	186,770
Management fees	143,438	137,302
Office space rental	4,718	4,607
Lease of computer equipment	13,056	12,959
Total operating revenue (Note c)	<u>405,414</u>	<u>349,138</u>

Note a

Securities clearing fees of the Group are stated net of the amount paid and payable to the Securities Commission ("SC") of RM55,254,000 (2016: RM43,830,000).

Note b

The following tables illustrate the Group's revenue as disaggregated by major products or services 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.

	Securities Market	Derivatives Market	Exchange Holding Company	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2017					
Major products or services:					
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
Conference fee and exhibition related income	-	6,006	-	-	6,006
	<u>403,317</u>	<u>94,861</u>	<u>7,529</u>	<u>16,373</u>	<u>522,080</u>
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
	<u>403,317</u>	<u>94,861</u>	<u>7,529</u>	<u>16,373</u>	<u>522,080</u>

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3. Operating revenue (cont'd.)

Note b (cont'd.)

	Securities Market RM'000	Derivatives Market RM'000	Exchange Holding Company RM'000	Others RM'000	Total RM'000
2016					
Major products or services:					
Securities trading revenue	212,921	-	-	-	212,921
Derivatives trading revenue	-	88,728	-	-	88,728
BSAS trading revenue	-	-	-	16,439	16,439
Listing and issuer services	53,342	-	-	198	53,540
Depository services	39,035	-	-	-	39,035
Market data	26,803	8,254	-	235	35,292
Member services and connectivity	13,184	167	7,500	150	21,001
Conference fee and exhibition related income	-	5,752	-	-	5,752
	<u>345,285</u>	<u>102,901</u>	<u>7,500</u>	<u>17,022</u>	<u>472,708</u>
Timing of revenue recognition:					
At a point in time	297,121	98,924	-	16,684	412,729
Over time	48,164	3,977	7,500	338	59,979
	<u>345,285</u>	<u>102,901</u>	<u>7,500</u>	<u>17,022</u>	<u>472,708</u>

Note c

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

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4. Other income

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Interest income from:				
Deposits with licensed financial institutions	15,408	16,176	3,720	3,876
Investment securities:				
- Unquoted bonds	3,760	3,406	-	-
- Commercial paper	-	52	-	52
Others	141	169	131	158
Dividend income	6,852	6,505	6,852	6,505
Grant income (Note 31)	1,559	1,170	1,428	1,078
Net gain on disposal of unquoted bonds	25	47	-	-
Rental income	6,423	6,398	6,423	6,398
Miscellaneous income	584	152	558	151
	34,752	34,075	19,112	18,218

5. Staff costs

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	78,181	77,117	73,845	71,169
Bonus	26,096	16,999	25,537	15,650
Contributions to a defined contribution plan - EPF	15,648	14,391	15,112	13,502
Social security contributions	479	434	466	411
Provision/(Reversal of provision) for short-term accumulating compensated unutilised leave	154	(55)	146	(26)
Retirement benefit obligations (Note 30(a))	1,174	1,319	1,174	1,319
SGP expense	8,230	10,739	8,033	10,127
Other benefits	7,563	7,606	7,382	7,290
	137,525	128,550	131,695	119,442

6. Depreciation and amortisation

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment (Note 13)	11,692	12,157	11,616	11,604
Amortisation of computer software (Note 14)	11,997	12,070	10,370	10,476
Depreciation of right-of-use assets (Note 15)	111	-	111	-
	23,800	24,227	22,097	22,080

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7. Other operating expenses

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Administrative expenses	6,375	6,010	5,928	5,535
(Accretion of discount)/Amortisation of premium, net	(10)	52	-	-
Auditors' remuneration:				
Statutory audit	356	336	82	77
Tax and assurance related services (Note a)	155	210	99	142
Other non-audit services (Note b)	289	115	289	115
Building management costs:				
Office rental	83	83	83	83
Upkeep and maintenance	11,277	11,615	11,277	11,615
Central Depository System ("CDS") consumables	2,767	3,561	2,767	3,561
Net (reversal of impairment loss)/ impairment loss on:				
Investment in subsidiaries (Note 17)	-	-	(1,823)	-
Investment securities	(207)	286	-	-
Trade and other receivables	1,582	(347)	1,275	28
Amount due from a subsidiary	-	-	12	6
Marketing and development expenses	11,422	10,003	7,209	5,451
Net loss on foreign exchange differences	649	280	448	424
Operating lease payments	-	539	-	539
Professional fees	2,407	2,871	2,385	2,849
Property, plant and equipment and computer software written off	-	5	-	5
Lease of equipment	194	222	184	213
Technology charges:				
Information technology maintenance	19,581	17,339	17,508	15,304
Service fees	23,416	22,113	669	1,445
Others (Note c)	8,753	8,123	7,610	7,131
	89,089	83,416	56,002	54,523

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 business process improvement training in 2017 and sustainability reporting training in 2016.

Note c

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

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8. Finance costs

	Group and Company	
	2017	2016
	RM'000	RM'000
Interest expense on lease liabilities (Note 15(b))	535	-

9. Directors' remuneration

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Executive Director's remuneration:				
Salaries and other emoluments	5,465	5,376	5,465	5,376
Defined contribution plan - EPF	418	363	418	363
	<u>5,883</u>	<u>5,739</u>	<u>5,883</u>	<u>5,739</u>
Estimated monetary value of benefits-in-kind	35	35	35	35
	<u>5,918</u>	<u>5,774</u>	<u>5,918</u>	<u>5,774</u>
Non-executive Directors' remuneration:				
Fees	1,885	950	1,885	950
Other emoluments	1,551	1,474	1,464	1,420
	<u>3,436</u>	<u>2,424</u>	<u>3,349</u>	<u>2,370</u>
Estimated monetary value of benefits-in-kind	35	35	35	35
	<u>3,471</u>	<u>2,459</u>	<u>3,384</u>	<u>2,405</u>
Total Directors' remuneration	<u>9,389</u>	<u>8,233</u>	<u>9,302</u>	<u>8,179</u>
Total Directors' remuneration excluding benefits-in-kind	9,319	8,163	9,232	8,109
Estimated monetary value of benefits-in-kind	70	70	70	70
Total Directors' remuneration including benefits-in-kind	<u>9,389</u>	<u>8,233</u>	<u>9,302</u>	<u>8,179</u>

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9. Directors' remuneration (cont'd.)

Group	2017		2016	
	Directors' fees RM'000	Other allowances (Note a)/ salaries RM'000	Directors' fees RM'000	Other allowances (Note a)/ salaries RM'000
Tan Sri Amirsham bin A Aziz	300	784	150	784
Datuk Seri Tajuddin bin Atan	-	5,918	-	5,774
Datuk Karownikaran				
@ Karunikaran a/l Ramasamy	200	104	100	100
Datuk Chay Wai Leong	200	108	100	87
Ghazali bin Haji Darman	200	72	100	76
Pushpanathan a/l S.A. Kanagarayar	200	102	100	101
Johari bin Abdul Muid	200	150	75	87
Datin Mariam Prudence binti Yusof	173	89	-	-
Datin Grace Yeoh Cheng Geok	170	80	-	-
Dato' Zuraidah binti Atan	27	14	100	81
Dato' Saiful Bahri bin Zainuddin	48	27	100	87
Dato' Eshah binti Meor Suleiman	167	56	100	73
Datuk Dr. Md Tap bin Salleh	-	-	25	33
	1,885	7,504	950	7,283
Company				
Tan Sri Amirsham bin A Aziz	300	784	150	784
Datuk Seri Tajuddin bin Atan	-	5,918	-	5,774
Datuk Karownikaran				
@ Karunikaran a/l Ramasamy	200	104	100	100
Datuk Chay Wai Leong	200	108	100	87
Ghazali bin Haji Darman	200	72	100	76
Pushpanathan a/l S.A. Kanagarayar	200	102	100	101
Johari bin Abdul Muid	200	90	75	59
Datin Mariam Prudence binti Yusof	173	89	-	-
Datin Grace Yeoh Cheng Geok	170	62	-	-
Dato' Zuraidah binti Atan	27	14	100	81
Dato' Saiful Bahri bin Zainuddin	48	18	100	69
Dato' Eshah binti Meor Suleiman	167	56	100	73
Datuk Dr. Md Tap bin Salleh	-	-	25	25
	1,885	7,417	950	7,229

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.

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10. Taxation

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Income tax:				
Current year provision	78,251	70,766	1,012	725
Under/(Over) provision of tax in prior years	577	(198)	(953)	(1)
	<u>78,828</u>	<u>70,568</u>	<u>59</u>	<u>724</u>
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	(3,076)	(2,580)	(3,172)	(1,263)
(Over)/Under provision of tax in prior years	(78)	(59)	39	(190)
	<u>(3,154)</u>	<u>(2,639)</u>	<u>(3,133)</u>	<u>(1,453)</u>
Total income tax expense	<u>75,674</u>	<u>67,929</u>	<u>(3,074)</u>	<u>(729)</u>

Income tax is calculated at the Malaysian statutory tax rate of the estimated assessable profit for the year. The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2017 and 31 December 2016 is as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Accounting profit before tax	<u>305,883</u>	<u>270,590</u>	<u>214,197</u>	<u>171,311</u>
Taxation at Malaysian statutory tax rate of 24%	73,412	64,942	51,407	41,115
Deferred tax not recognised in respect of current year's:				
- Capital allowances	498	755	498	755
- Tax losses	2	2	-	-
Effect of tax rate of 3% on profit before tax for subsidiary incorporated in Labuan	(62)	(66)	-	-
Effect of reduction in Malaysian statutory tax rate	(1,735)	-	-	-
Effect of expenses not deductible for tax purposes	5,047	4,414	4,724	4,237
Effect of income not subject to tax	(1,987)	(1,861)	(58,789)	(46,645)
Under/(Over) provision of tax in prior years:				
- Income tax	577	(198)	(953)	(1)
- Deferred tax	(78)	(59)	39	(190)
Income tax expense for the year	<u>75,674</u>	<u>67,929</u>	<u>(3,074)</u>	<u>(729)</u>

For years of assessment 2017 and 2018, the Malaysian statutory tax rate is being reduced 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 and Company have accounted for the reduction in tax rate in the current financial year, based on the percentage of increase in chargeable income of the Company and its subsidiaries.

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10. Taxation (cont'd.)

Tax savings of the Group and of the Company are as follows:

	Group and Company	
	2017	2016
	RM'000	RM'000
Arising from utilisation of current year tax losses	-	354

11. Earnings Per Share ("EPS")

(a) Basic EPS

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

	Group	
	2017	2016
Profit for the year, net of tax, attributable to owners of the Company (RM'000)	223,040	193,621
Weighted average number of ordinary shares in issue ('000)	536,920	535,550
Basic EPS (sen)	41.5	36.2

(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	
	2017	2016
Profit for the year, net of tax, attributable to owners of the Company (RM'000)	223,040	193,621
Weighted average number of ordinary shares in issue ('000)	536,920	535,550
Effects of dilution of share grants ('000)	1,721	2,509
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	538,641	538,059
Diluted EPS (sen)	41.4	36.0

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12. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Special dividend on ordinary shares				
15.0 sen per share under the single-tier system, on 537,501,000 ordinary shares	-	-	80,625	-
Interim dividend on ordinary shares				
20.0 sen per share under the single-tier system, on 537,501,000 ordinary shares	107,500	-	107,500	-
17.0 sen per share under the single-tier system, on 536,272,000 ordinary shares	-	91,166	-	91,166
Final dividend on ordinary shares				
17.0 sen per share under the single-tier system, on 536,522,000 ordinary shares	-	91,209	91,209	-
18.0 sen per share under the single-tier system, on 534,864,000 ordinary shares	-	-	-	96,276
	<u>107,500</u>	<u>182,375</u>	<u>279,334</u>	<u>187,442</u>

On 5 February 2018, the Board of Directors approved and declared a second interim dividend of 18.5 sen per share under the single-tier system in respect of the financial year ended 31 December 2017. The dividend amounting to approximately RM99,438,000 will be payable on 5 March 2018. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

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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 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		<u>327,827</u>	<u>34,569</u>	<u>48,434</u>	<u>2,511</u>	<u>1,426</u>	<u>414,767</u>
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		<u>159,001</u>	<u>31,866</u>	<u>42,865</u>	<u>1,737</u>	<u>-</u>	<u>235,469</u>
Net carrying amount at 31 December 2017		<u>168,826</u>	<u>2,703</u>	<u>5,569</u>	<u>774</u>	<u>1,426</u>	<u>179,298</u>

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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 2016							
Cost							
At 1 January 2016		325,441	32,740	46,663	1,931	-	406,775
Additions		2,693	1,072	381	-	37	4,183
Write-offs		(838)	(405)	(1,941)	-	-	(3,184)
Exchange differences		13	4	73	-	-	90
At 31 December 2016		<u>327,309</u>	<u>33,411</u>	<u>45,176</u>	<u>1,931</u>	<u>37</u>	<u>407,864</u>
Accumulated depreciation							
At 1 January 2016		145,490	31,448	37,221	1,402	-	215,561
Depreciation charge for the year	6	7,065	671	4,270	151	-	12,157
Write-offs		(838)	(405)	(1,941)	-	-	(3,184)
Exchange differences		13	4	73	-	-	90
At 31 December 2016		<u>151,730</u>	<u>31,718</u>	<u>39,623</u>	<u>1,553</u>	<u>-</u>	<u>224,624</u>
Net carrying amount at 31 December 2016		<u>175,579</u>	<u>1,693</u>	<u>5,553</u>	<u>378</u>	<u>37</u>	<u>183,240</u>

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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		<u>327,512</u>	<u>34,103</u>	<u>48,373</u>	<u>2,333</u>	<u>1,426</u>	<u>413,747</u>
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		<u>158,690</u>	<u>31,406</u>	<u>42,817</u>	<u>1,560</u>	<u>-</u>	<u>234,473</u>
Net carrying amount at 31 December 2017		<u>168,822</u>	<u>2,697</u>	<u>5,556</u>	<u>773</u>	<u>1,426</u>	<u>179,274</u>

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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 2016							
Cost							
At 1 January 2016		325,111	32,274	46,281	1,753	-	405,419
Additions		2,693	1,072	379	-	37	4,181
Write-offs		(838)	(405)	(1,705)	-	-	(2,948)
At 31 December 2016		326,966	32,941	44,955	1,753	37	406,652
Accumulated depreciation							
At 1 January 2016		145,174	31,001	37,447	1,225	-	214,847
Depreciation charge for the year	6	7,060	660	3,733	151	-	11,604
Write-offs		(838)	(405)	(1,705)	-	-	(2,948)
At 31 December 2016		151,396	31,256	39,475	1,376	-	223,503
Net carrying amount at 31 December 2016							
		175,570	1,685	5,480	377	37	183,149

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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 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	<u>285,960</u>	<u>19,862</u>	<u>22,005</u>	<u>327,827</u>
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	<u>130,674</u>	<u>11,582</u>	<u>16,745</u>	<u>159,001</u>
Net carrying amount at 31 December 2017	<u>155,286</u>	<u>8,280</u>	<u>5,260</u>	<u>168,826</u>
As at 31 December 2016				
Cost				
At 1 January 2016	285,960	19,862	19,619	325,441
Additions	-	-	2,693	2,693
Write-offs	-	-	(838)	(838)
Exchange differences	-	-	13	13
At 31 December 2016	<u>285,960</u>	<u>19,862</u>	<u>21,487</u>	<u>327,309</u>
Accumulated depreciation				
At 1 January 2016	120,190	11,020	14,280	145,490
Depreciation charge for the year	5,242	281	1,542	7,065
Write-offs	-	-	(838)	(838)
Exchange differences	-	-	13	13
At 31 December 2016	<u>125,432</u>	<u>11,301</u>	<u>14,997</u>	<u>151,730</u>
Net carrying amount at 31 December 2016	<u>160,528</u>	<u>8,561</u>	<u>6,490</u>	<u>175,579</u>

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(Incorporated in Malaysia)**

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 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	<u>285,960</u>	<u>19,862</u>	<u>21,690</u>	<u>327,512</u>
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	<u>130,674</u>	<u>11,582</u>	<u>16,434</u>	<u>158,690</u>
Net carrying amount at 31 December 2017	<u>155,286</u>	<u>8,280</u>	<u>5,256</u>	<u>168,822</u>
As at 31 December 2016				
Cost				
At 1 January 2016	285,960	19,862	19,289	325,111
Additions	-	-	2,693	2,693
Write-offs	-	-	(838)	(838)
At 31 December 2016	<u>285,960</u>	<u>19,862</u>	<u>21,144</u>	<u>326,966</u>
Accumulated depreciation				
At 1 January 2016	120,190	11,020	13,964	145,174
Depreciation charge for the year	5,242	281	1,537	7,060
Write-offs	-	-	(838)	(838)
At 31 December 2016	<u>125,432</u>	<u>11,301</u>	<u>14,663</u>	<u>151,396</u>
Net carrying amount at 31 December 2016	<u>160,528</u>	<u>8,561</u>	<u>6,481</u>	<u>175,570</u>

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14. Computer software

Group	Note	Implemented projects RM'000	Projects-in- progress RM'000	Total RM'000
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		<u>121,100</u>	<u>6,438</u>	<u>127,538</u>
Accumulated amortisation				
At 1 January 2017		74,700	-	74,700
Amortisation charge for the year	6	11,997	-	11,997
At 31 December 2017		<u>86,697</u>	<u>-</u>	<u>86,697</u>
Net carrying amount at 31 December 2017				
		<u>34,403</u>	<u>6,438</u>	<u>40,841</u>
As at 31 December 2016				
Cost				
At 1 January 2016		120,480	612	121,092
Additions		2,225	4,084	6,309
Write-offs		(5,594)	-	(5,594)
Reclassifications		612	(612)	-
At 31 December 2016		<u>117,723</u>	<u>4,084</u>	<u>121,807</u>
Accumulated amortisation				
At 1 January 2016		68,219	-	68,219
Amortisation charge for the year	6	12,070	-	12,070
Write-offs		(5,589)	-	(5,589)
At 31 December 2016		<u>74,700</u>	<u>-</u>	<u>74,700</u>
Net carrying amount at 31 December 2016				
		<u>43,023</u>	<u>4,084</u>	<u>47,107</u>

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14. Computer software (cont'd.)

Company	Note	Implemented projects RM'000	Projects-in- progress RM'000	Total RM'000
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		<u>103,902</u>	<u>6,438</u>	<u>110,340</u>
Accumulated amortisation				
At 1 January 2017		66,899	-	66,899
Amortisation charge for the year	6	10,370	-	10,370
At 31 December 2017		<u>77,269</u>	<u>-</u>	<u>77,269</u>
Net carrying amount at 31 December 2017				
		<u>26,633</u>	<u>6,438</u>	<u>33,071</u>
As at 31 December 2016				
Cost				
At 1 January 2016		100,207	612	100,819
Additions		2,107	4,084	6,191
Write-offs		(1,842)	-	(1,842)
Reclassifications		612	(612)	-
At 31 December 2016		<u>101,084</u>	<u>4,084</u>	<u>105,168</u>
Accumulated amortisation				
At 1 January 2016		58,260	-	58,260
Amortisation charge for the year	6	10,476	-	10,476
Write-offs		(1,837)	-	(1,837)
At 31 December 2016		<u>66,899</u>	<u>-</u>	<u>66,899</u>
Net carrying amount at 31 December 2016				
		<u>34,185</u>	<u>4,084</u>	<u>38,269</u>

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15. Right-of-use assets and lease liabilities

As disclosed in Note 2.2(ii), the Group and the Company have early adopted MFRS 16 *Leases* and applied this Standard retrospectively during the financial year and the comparatives are not restated.

(a) Right-of-use assets

Group and Company	RM'000
Cost	
At 1 January 2017	-
Effects of MFRS 16 <i>Leases</i> adoption (Note 2.2(ii))	8,518
At 31 December 2017	<u>8,518</u>
Accumulated depreciation	
At 1 January 2017	-
Depreciation charge for the year (Note 6)	111
At 31 December 2017	<u>111</u>
Net carrying amount at 31 December 2017	<u>8,407</u>

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	2017 RM'000
Non-current	
Lease liabilities	7,470
Current	
Lease liabilities	<u>505</u>
Total lease liabilities	<u>7,975</u>

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

Group and Company	RM'000
At 1 January 2017	-
Effects of MFRS 16 <i>Leases</i> adoption (Note 2.2(ii))	7,979
Interest charged (Note 8)	535
Payments of:	
- Principal	(4)
- Interest	(535)
At 31 December 2017	<u>7,975</u>

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16. Goodwill

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 January/31 December	42,957	42,957	29,494	29,494

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

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Securities market	33,273	33,273	29,494	29,494
Derivatives market	9,684	9,684	-	-
	42,957	42,957	29,494	29,494

Key assumptions used in value-in-use calculations

The following describes the key assumptions on which the Group and the Company have based their cash flow projections to undertake impairment assessment of goodwill:

(i) Securities market

The recoverable amount of this CGU has been determined based on value-in-use calculations using five-year financial projections. Revenue growth has been capped at 5% per annum (2016: 4% per annum), while expenses have been assumed to grow at an average of 3% per annum (2016: 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.

(ii) Derivatives market

The recoverable amount of this CGU has been determined based on value-in-use calculations using five year financial projections. Revenue growth for the current financial projections has been capped at 5% per annum, while expenses have been assumed to grow at an average 3% per annum, which is in line with the expected inflation rate. In the previous financial projections, the anticipated average revenue and expenses growth was at 11% and 12% respectively for the first five years, based on the expected developments. No revenue and expense growth was projected from the sixth year to perpetuity.

(iii) Discount rate

A discount rate of 8% (2016: 7%) 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.

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17. Investment in subsidiaries

	Company	
	2017	2016
	RM'000	RM'000
Unquoted shares, at cost	174,183	174,183
Less: Accumulated impairment losses	<u>(20,218)</u>	<u>(22,041)</u>
	<u>153,965</u>	<u>152,142</u>

In the current 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		Ordinary paid-up capital		Principal activities
	2017	2016	2017	2016	
	%	%	RM'000	RM'000	
Bursa Malaysia Securities Berhad ("Bursa Malaysia Securities")	100	100	25,000	25,000	Provides, operates and maintains a securities exchange.
Bursa Malaysia Derivatives Berhad ("Bursa Malaysia Derivatives")	75	75	50,000	50,000	Provides, operates and maintains a derivatives exchange.
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 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 Depository Sdn. Bhd. ("Bursa Malaysia Depository")	100	100	25,000	25,000	Provides, operates and maintains a central depository for securities listed on the securities exchange.

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17. Investment in subsidiaries (cont'd.)

Name of subsidiaries	Proportion of ownership interest		Ordinary paid-up capital		Principal activities
	2017 %	2016 %	2017 RM'000	2016 RM'000	
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.
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.
Bursa Malaysia Islamic Services Sdn. Bhd. ("Bursa Malaysia Islamic Services")	100	100	2,600	2,600	Provides, operates and maintains a Shari'ah compliant commodity trading platform.
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.
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.

* Incorporated in the Federal Territory of Labuan, Malaysia.

~ Denotes RM2.

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

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17. Investment in subsidiaries (cont'd.)

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

(a) Summarised consolidated statement of financial position

	2017	2016
	RM'000	RM'000
Assets		
Non-current assets	17,511	14,331
Current assets	1,129,676	1,394,960
Total assets	<u>1,147,187</u>	<u>1,409,291</u>
Equity attributable to owners of Bursa Malaysia Derivatives		
	<u>54,873</u>	<u>78,197</u>
Liabilities		
Non-current liabilities	6,418	3,320
Current liabilities	1,085,896	1,327,774
Total liabilities	<u>1,092,314</u>	<u>1,331,094</u>
Total equity and liabilities	<u>1,147,187</u>	<u>1,409,291</u>

(b) Summarised consolidated statement of profit or loss

	2017	2016
	RM'000	RM'000
Revenue	96,859	105,367
Expenses	(58,383)	(57,669)
Profit for the year	<u>28,675</u>	<u>36,158</u>
Dividends paid to non-controlling interest	<u>13,000</u>	<u>6,750</u>

(c) Summarised consolidated statement of cash flows

	2017	2016
	RM'000	RM'000
Net cash from operating activities	29,422	33,001
Net cash from investing activities	2,428	1,874
Net cash used in financing activities	(53,754)	(27,155)
Net (decrease)/increase in cash and cash equivalents	(21,904)	7,720
Cash and cash equivalents at beginning of year	69,713	61,993
Cash and cash equivalents at end of year	<u>47,809</u>	<u>69,713</u>

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

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18. Investment securities

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Non-current				
Quoted shares (outside Malaysia)	226,806	197,651	226,806	197,651
Unquoted bonds	54,973	39,537	-	-
	<u>281,779</u>	<u>237,188</u>	<u>226,806</u>	<u>197,651</u>
Current				
Unquoted bonds	25,039	34,939	-	-
	<u>25,039</u>	<u>34,939</u>	<u>-</u>	<u>-</u>
Total investment securities	<u>306,818</u>	<u>272,127</u>	<u>226,806</u>	<u>197,651</u>

19. Staff loans receivable

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Housing loans	3,347	4,008	2,914	3,522
Vehicle loans	39	39	39	39
Computer loans	67	67	65	65
	<u>3,453</u>	<u>4,114</u>	<u>3,018</u>	<u>3,626</u>
Less: Receivables within 12 months, included in other receivables (Note 22)	(535)	(589)	(460)	(506)
	<u>2,918</u>	<u>3,525</u>	<u>2,558</u>	<u>3,120</u>

20. Deferred tax assets/(liabilities)

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	1,964	(828)	642	(962)
Recognised in profit or loss (Note 10)	3,154	2,639	3,133	1,453
Recognised in other comprehensive income	(100)	153	(84)	151
At 31 December	<u>5,018</u>	<u>1,964</u>	<u>3,691</u>	<u>642</u>

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

Presented after appropriate offsetting as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deferred tax assets (before offsetting)	22,841	23,082	19,732	19,561
Offsetting	(16,094)	(18,995)	(16,041)	(18,919)
Deferred tax assets (after offsetting)	6,747	4,087	3,691	642
Deferred tax liabilities (before offsetting)	(17,823)	(21,118)	(16,041)	(18,919)
Offsetting	16,094	18,995	16,041	18,919
Deferred tax liabilities (after offsetting)	(1,729)	(2,123)	-	-
	5,018	1,964	3,691	642

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 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

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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 2016							
At 1 January 2016	6,267	8,557	209	44	5,816	338	21,231
Recognised in profit or loss	(398)	(412)	44	(10)	2,486	(10)	1,700
Recognised in other comprehensive income	151	-	-	-	-	-	151
At 31 December 2016	6,020	8,145	253	34	8,302	328	23,082

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 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)
As at 31 December 2016				
At 1 January 2016	-	(21,961)	(98)	(22,059)
Recognised in profit or loss	-	920	19	939
Recognised in other comprehensive income	-	-	2	2
At 31 December 2016	-	(21,041)	(77)	(21,118)

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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 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
As at 31 December 2016							
At 1 January 2016	6,267	6,186	16	38	5,816	338	18,661
Recognised in profit or loss	(398)	(1,324)	5	(10)	2,486	(10)	749
Recognised in other comprehensive income	151	-	-	-	-	-	151
At 31 December 2016	6,020	4,862	21	28	8,302	328	19,561

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

Deferred tax liability of the Company:

	Right-of-use assets RM'000	Accelerated capital allowances RM'000	Total RM'000
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	<u>(104)</u>	<u>(15,937)</u>	<u>(16,041)</u>
As at 31 December 2016			
At 1 January 2016	-	(19,623)	(19,623)
Recognised in profit or loss	-	704	704
At 31 December 2016	<u>-</u>	<u>(18,919)</u>	<u>(18,919)</u>

As disclosed in Note 2, 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 its realisation are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unused capital allowances	5,218	3,144	5,218	3,144
Unutilised tax losses	8,164	8,157	-	-
	<u>13,382</u>	<u>11,301</u>	<u>5,218</u>	<u>3,144</u>

The availability of unutilised tax losses for offsetting against future taxable profits of the 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.

21. Trade receivables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivables	48,398	44,492	1,925	2,209
Less: Allowance for impairment loss	(1,180)	(951)	(137)	(166)
	<u>47,218</u>	<u>43,541</u>	<u>1,788</u>	<u>2,043</u>

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22. Other receivables

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Deposits	737	738	619	616
Prepayments	3,989	8,946	3,873	8,719
Interest receivable	5,014	6,272	861	1,576
Staff loans receivable within 12 months (Note 19)	535	589	460	506
Sundry receivables	11,581	13,399	7,885	9,650
	<u>21,856</u>	<u>29,944</u>	<u>13,698</u>	<u>21,067</u>
Less: Allowance for impairment loss	<u>(5,892)</u>	<u>(5,945)</u>	<u>(2,370)</u>	<u>(2,394)</u>
	<u>15,964</u>	<u>23,999</u>	<u>11,328</u>	<u>18,673</u>

23. Due from subsidiaries

The amounts due from subsidiaries are unsecured, receivable within 30 days and bear late interest charges of 8.7% (2016: 8.7% to 8.9%). The amounts due from subsidiaries are stated net of impairment of RM11,875,000 (2016: RM11,863,000).

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

	Group	
	2017 RM'000	2016 RM'000
Equity margins	115,344	86,012
Derivatives trading margins	1,025,727	1,276,031
Security deposits	24,953	15,152
SBL collaterals	-	1,400
Trade payables (Note c)	<u>1,166,024</u>	<u>1,378,595</u>
Cash received for eDividend distributions (included in other payables (Note 32))	<u>2,502</u>	<u>2,464</u>
Total cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions (Note a)	<u>1,168,526</u>	<u>1,381,059</u>

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

Note a

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

	Group	
	2017	2016
	RM'000	RM'000
Cash on hand and at banks	305,987	254,447
Deposits with licensed financial institutions	862,539	1,126,612
	<u>1,168,526</u>	<u>1,381,059</u>

Note b

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

	Group	
	2017	2016
	RM'000	RM'000
Collaterals in the form of letters of credit	581,830	637,940
Collaterals in the form of shares	525	427
	<u>582,355</u>	<u>638,367</u>

Note c

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

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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 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
	<hr/>	<hr/>	<hr/>
Clearing Guarantee Fund ("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
	<hr/>	<hr/>	<hr/>
Derivatives Clearing Fund ("DCF") contributions	22,051	5,000	27,051
	<hr/>	<hr/>	<hr/>
Total cash and bank balances of Clearing Funds as at 31 December 2017	39,628	90,000	129,628
	<hr/>	<hr/>	<hr/>
As at 31 December 2016			
Contributions from:			
TCPs of Bursa Malaysia Securities Clearing	13,260	-	13,260
Bursa Malaysia Securities Clearing	-	25,000	25,000
Additional cash resources from			
Bursa Malaysia Securities Clearing	-	60,000	60,000
	<hr/>	<hr/>	<hr/>
CGF contributions	13,260	85,000	98,260
Contributions from:			
CPs of Bursa Malaysia Derivatives Clearing	22,953	-	22,953
Bursa Malaysia Derivatives Clearing	-	5,000	5,000
	<hr/>	<hr/>	<hr/>
DCF contributions	22,953	5,000	27,953
	<hr/>	<hr/>	<hr/>
Total cash and bank balances of Clearing Funds as at 31 December 2016	36,213	90,000	126,213
	<hr/>	<hr/>	<hr/>

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

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

	2017	2016
	RM'000	RM'000
Cash and bank balances	102,577	98,260
Bank guarantees from TCPs of Bursa Malaysia		
Securities Clearing	2,940	4,263
Total CGF	<u>105,517</u>	<u>102,523</u>

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.

- (ii) There are no non-cash collaterals from CPs of Bursa Malaysia Derivatives Clearing for DCF held by the Group as at 31 December 2017 and 31 December 2016.

26. Cash and bank balances of the Group/Company

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	4,299	5,262	381	1,050
Deposits with:				
Licensed banks	207,679	284,457	70,832	113,267
Licensed investment banks	59,229	15,907	16,853	5,639
	<u>266,908</u>	<u>300,364</u>	<u>87,685</u>	<u>118,906</u>
Total cash and bank balances	<u>271,207</u>	<u>305,626</u>	<u>88,066</u>	<u>119,956</u>

- (i) In the previous financial year, the Group's and the Company's cash and bank balances included an amount of RM175,000 which was set aside to meet or secure the claims of creditors pursuant to a High Court order issued in relation to the reduction of capital of the Company on 27 January 2005. There was no amount set aside as at 31 December 2017, as there were no further claims from the creditors in the current financial year.
- (ii) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the financial year:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Total cash and bank balances	271,207	305,626	88,066	119,956
Less: Deposits not for short-term funding requirements	(23,075)	(91,578)	(14,761)	(67,675)
	<u>248,132</u>	<u>214,048</u>	<u>73,305</u>	<u>52,281</u>

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27. Share capital

	2017		2016	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Authorised				
Group and Company				
At 1 January	2,000,000	1,000,000	2,000,000	1,000,000
Adjustment for the effects of Companies Act 2016	(2,000,000)	(1,000,000)	-	-
At 31 December	-	-	2,000,000	1,000,000
Issued and fully paid				
Group				
At 1 January	536,272	268,136	534,614	267,307
Adjustments for the effects of Companies Act 2016:				
- Share premium	-	119,052	-	-
- Capital redemption reserve (Note 28(a))	-	5,250	-	-
Issued during the year pursuant to SGP (Note 30(b))	1,229	9,731	1,658	829
At 31 December	537,501	402,169	536,272	268,136
Company				
At 1 January	536,272	268,136	534,614	267,307
Adjustments for the effects of Companies Act 2016:				
- Share premium	-	119,052	-	-
Issued during the year pursuant to SGP (Note 30(b))	1,229	9,731	1,658	829
At 31 December	537,501	396,919	536,272	268,136

The Companies Act 2016 ("New Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the credits standing in the share premium and capital redemption reserve accounts of RM119,052,000 and RM5,250,000 respectively have been transferred to the share capital account during the financial year. Pursuant to subsection 618(3) and 618(4) of the New Act, the Company proposed that the bonus issue to be utilised against the credit amount transferred from the share premium accounts of the Company at an amount of RM0.50 per bonus share. The details of the proposed bonus issue are disclosed in Note 42.

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27. Share capital (cont'd.)

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

	Note	Group		Company	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Capital redemption reserve	(a)	-	5,250	-	-
Foreign currency translation reserve	(b)	531	860	-	-
Share grant reserve	(c)	6,849	8,350	6,849	8,350
Clearing fund reserves	(d)	30,000	30,000	-	-
FVTOCI reserve	(e)	142,558	113,383	142,316	113,161
		<u>179,938</u>	<u>157,843</u>	<u>149,165</u>	<u>121,511</u>

(a) Capital redemption reserve

	Group	
	2017 RM'000	2016 RM'000
At 1 January	5,250	5,250
Adjustments for effects of Companies Act 2016:		
- Share capital (Note 27)	(5,250)	-
At 31 December	<u>-</u>	<u>5,250</u>

Pursuant to subsection 618(4) of the New Act, the credit standing in the capital redemption reserve account of RM5,250,000 has been transferred to the share capital account.

Prior to 31 January 2017, the capital redemption reserve was non-distributable in the form of dividends but may be applied in paying up unissued shares of the subsidiaries to be issued to the shareholders of the subsidiaries as fully paid bonus shares. The capital redemption reserve of the Group relates to the capitalisation of retained earnings arising from the redemption of preference shares by the following subsidiaries:

	RM'000
Bursa Malaysia Depository	5,000
Bursa Malaysia Securities	250
	<u>5,250</u>

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28. Other reserves (cont'd.)

(b) 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.

(c) 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.

(d) Clearing fund reserves

	Note	Group 2017 RM'000	2016 RM'000
Amount set aside for:			
CGF, in accordance with Rules of Bursa Malaysia Securities Clearing	(i)	25,000	25,000
DCF, in accordance with Rules of Bursa Malaysia Derivatives Clearing	(ii)	5,000	5,000
		<u>30,000</u>	<u>30,000</u>

(i) CGF reserve

The CGF reserve is an amount set aside following the implementation of the CGF. The quantum of the CGF was set at RM100,000,000 and may increase by the quantum of interest arising from investments of the fixed contributions from TCPs. The CGF comprises contributions from TCPs and appropriation from Bursa Malaysia Securities Clearing resources, and other financial resources. The CGF composition is disclosed in Note 25(i).

(ii) DCF reserve

Pursuant to the Rules of Bursa Malaysia Derivatives Clearing, Bursa Malaysia Derivatives Clearing set up a DCF for derivatives clearing and settlement. The DCF comprises contributions from CPs and appropriation of certain amounts from Bursa Malaysia Derivatives Clearing's retained earnings. The DCF composition is disclosed in Note 25.

(e) 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 system.

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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	
	2017	2016
	RM'000	RM'000
Present value of funded defined benefit obligations	22,226	26,107
Fair value of plan assets	(366)	(1,028)
Net liability arising from defined benefit obligations	<u>21,860</u>	<u>25,079</u>

(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 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)
	<u>(372)</u>	<u>22</u>	<u>(350)</u>
Contributions by employer	-	(4,043)	(4,043)
Payments from plan	(4,735)	4,735	-
At 31 December 2017	<u>22,226</u>	<u>(366)</u>	<u>21,860</u>
At 1 January 2016	26,959	(847)	26,112
Interest expense/(income)	5 1,364	(45)	1,319
	28,323	(892)	27,431
Remeasurements:			
Return on plan assets	-	34	34
Financial assumptions	297	-	297
Experience loss	296	-	296
	<u>593</u>	<u>34</u>	<u>627</u>
Contributions by employer	-	(1,857)	(1,857)
Payments from plan	(2,809)	1,687	(1,122)
At 31 December 2016	<u>26,107</u>	<u>(1,028)</u>	<u>25,079</u>

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30. Employee benefits (cont'd.)

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

(ii) The plan assets comprise the following:

	Group and Company	
	2017	2016
	%	%
Malaysian Government Securities	83	60
Cash and fixed deposits	17	40
	<u>17</u>	<u>40</u>

(iii) Principal actuarial assumptions used:

Principal actuarial assumptions for determination of the defined benefits obligation are discount rate and expected salary increase as follows:

	Group and Company	
	2017	2016
	%	%
Discount rate	4.9	5.0
Expected rate of salary increase	5.0	5.0
	<u>5.0</u>	<u>5.0</u>

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		Expected salary growth	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
	RM'000	RM'000	RM'000	RM'000
At 31 December 2017				
(Decrease)/Increase in defined benefit obligations	<u>(1,141)</u>	<u>766</u>	<u>683</u>	<u>(1,081)</u>
At 31 December 2016				
(Decrease)/Increase in defined benefit obligations	<u>(1,157)</u>	<u>1,249</u>	<u>1,152</u>	<u>(1,090)</u>

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.

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30. Employee benefits (cont'd.)

(b) SGP

The SGP is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 14 April 2011. The SGP was implemented on 18 April 2011 and is in force for a maximum period of 10 years from the date of implementation.

The SGP comprises two types of performance-based awards, namely 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 offer shall lapse should the eligible employees or Executive Directors of the Group fail to accept the same within the period stipulated.
- (ii) To facilitate the implementation of the SGP, a Trust to be administered in accordance to the Trust Deed by the Trustee appointed by the Company was established. The Trustee shall subscribe for new ordinary shares 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) 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:

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30. Employee benefits (cont'd.)

(b) SGP (cont'd.)

The salient features and terms of the SGP are as follows: (cont'd.)

- 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.

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

	Group and Company				
	At 1 January '000	Granted '000	Vested '000	Forfeited '000	At 31 December '000
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
2016					
2013 grants:					
RSP	310	-	(299)	(11)	-
PSP	416	-	(416)	-	-
2014 grants:					
RSP	741	-	(350)	(45)	346
PSP	426	-	-	-	426
2015 grants:					
RSP	1,096	-	(343)	(68)	685
PSP	441	-	-	-	441
2016 grants:					
RSP	-	1,317	(250)	(26)	1,041
PSP	-	312	-	-	312
	3,430	1,629	(1,658)	(150)	3,251

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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 1,229,000 (2016: 1,658,000) ordinary shares. The weighted average share price at the date of vesting for the financial year was RM7.92 (2016: RM7.50).

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

- (i) The 2015 grant is to be vested within the next year.
- (ii) The 2016 grants are to be vested within the next 2 years.
- (iii) The 2017 grants are to be vested within the next 3 years.

Fair value of shares granted during the financial year

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

- (i) The fair value of RSP shares granted during the year was estimated using a discounted cash flow model, taking into account the vesting conditions upon which the RSP shares were granted. The weighted average share price at the grant date was RM10.35 (2016: RM8.65). An average expected dividend yield of 3.9% (2016: 4.3%) 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:

	2017	2016
Share price	RM10.54	RM8.59
Expected dividend yield	4.1%	4.4%
Expected volatility	15.0%	15.0%
Risk free rate	3.4%	3.0%

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31. Deferred grants

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
At 1 January	3,092	4,087	1,895	2,798
Grant income (Note 4)	(1,559)	(1,170)	(1,428)	(1,078)
Received during the year	505	175	505	175
At 31 December	<u>2,038</u>	<u>3,092</u>	<u>972</u>	<u>1,895</u>

The deferred grants of the Group refer to grants from Capital Market Development Fund ("CMDf") and SC 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 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	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Accruals	24,791	16,971	18,002	10,190
Amount due to Securities Commission	6,627	6,003	-	-
Capital Market Education and Integrity Fund	21,551	22,404	21,551	22,404
Provision for employee benefits	29,362	22,170	27,993	19,958
Receipts in advance	6,690	8,480	603	543
Sundry payables	26,968	24,481	11,018	8,719
	<u>115,989</u>	<u>100,509</u>	<u>79,167</u>	<u>61,814</u>

Included in sundry payables of the Group is cash received for eDividend distributions amounting to RM2,502,000 (2016: RM2,464,000).

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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:

	2017	2016
	RM'000	RM'000
Depository - CF	50,000	50,000

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

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 the 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	
	2017	2016
	RM'000	RM'000
Not later than one year	427	6,088
Later than one year and not later than five years	88	308
	515	6,396

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

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34. Operating lease arrangements (cont'd.)

(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	
	2017	2016
	RM'000	RM'000
Not later than one year	4,740	3,504
Later than one year and not later than five years	18,961	14,017
	<u>23,701</u>	<u>17,521</u>

The office space rental for the current financial year is disclosed in Notes 3 and 36(a).

(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	
	2017	2016
	RM'000	RM'000
Not later than one year	9,445	12,662
Later than one year and not later than five years	17,540	22,528
Later than five years	3,185	4,828
	<u>30,170</u>	<u>40,018</u>

The lease of computer equipment for the current financial year is disclosed in Notes 3 and 36(a).

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35. Capital commitments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Approved and contracted for				
Computers and office automation	1,669	1,448	1,669	1,448
Office equipment and renovation	12	44	12	44
	<u>1,681</u>	<u>1,492</u>	<u>1,681</u>	<u>1,492</u>
Approved but not contracted for				
Computers and office automation	60	267	60	267
Office equipment and renovation	50	26	50	26
	<u>110</u>	<u>293</u>	<u>110</u>	<u>293</u>

36. Significant related party disclosures

(a) Transactions with subsidiaries

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

	2017 RM'000	2016 RM'000
Management fees income from:		
Bursa Malaysia Securities	82,293	82,747
Bursa Malaysia Derivatives	12,332	10,832
Bursa Malaysia Securities Clearing	9,825	8,514
Bursa Malaysia Derivatives Clearing	5,297	3,897
Bursa Malaysia Depository	20,140	19,050
Bursa Malaysia Information	5,948	5,027
Bursa Malaysia Islamic Services	7,586	7,218
Bursa Malaysia Bonds	2	2
LFX	15	15
	<u>143,438</u>	<u>137,302</u>
Office space rental income from:		
Bursa Malaysia Securities	1,848	1,682
Bursa Malaysia Derivatives	955	1,103
Bursa Malaysia Securities Clearing	236	275
Bursa Malaysia Depository	1,175	1,062
Bursa Malaysia Information	158	287
Bursa Malaysia Islamic Services	346	198
	<u>4,718</u>	<u>4,607</u>

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

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

	2017	2016
	RM'000	RM'000
Lease of computer equipment from:		
Bursa Malaysia Securities	8,965	8,805
Bursa Malaysia Derivatives	909	821
Bursa Malaysia Securities Clearing	1,029	1,182
Bursa Malaysia Derivatives Clearing	146	186
Bursa Malaysia Depository	815	867
Bursa Malaysia Information	138	136
Bursa Malaysia Islamic Services	1,054	962
	<u>13,056</u>	<u>12,959</u>
Dividend income from:		
Bursa Malaysia Securities	84,000	59,000
Bursa Malaysia Derivatives	39,173	20,370
Bursa Malaysia Securities Clearing	46,000	50,000
Bursa Malaysia Depository	52,000	40,000
Bursa Malaysia Information	15,500	17,400
	<u>236,673</u>	<u>186,770</u>

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.

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

(c) Compensation of key management personnel

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

	Group and Company	
	2017	2016
	RM'000	RM'000
Short-term employee benefits	11,282	9,778
Contributions to defined contribution plan - EPF	1,231	1,299
SGP	2,762	3,928
	<u>15,275</u>	<u>15,005</u>

Included in total remuneration of key management personnel are:

	Group and Company	
	2017	2016
	RM'000	RM'000
Executive Director's remuneration (Note 9)	5,883	5,739
Benefits-in-kind (Note 9)	35	35
	<u>5,918</u>	<u>5,774</u>

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	
	2017	2016
	'000	'000
At 1 January	992	975
Granted	531	663
Forfeited	(384)	-
Vested	(373)	(646)
At 31 December	<u>766</u>	<u>992</u>

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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 financial year 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
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.

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

(a) Market risk: Equity price risk

Equity price risk is the risk that the value of an equity instrument will fluctuate as a result of changes in market prices. The Group and the Company are exposed to equity price risk through the Company's holding of shares in 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% (2016: 1%) in the quoted price of the instrument would result in an increase/decrease in equity of RM2,268,000 (2016: RM1,977,000).

(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 carry 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.

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Group's equity to a 25 basis points (2016: 25 basis points) increase/decrease in interest rates with all other variables held constant:

	Group	
	2017	2016
	RM'000	RM'000
Effects on equity if:		
- Increase by 25 basis points	(360)	(318)
- Decrease by 25 basis points	360	318
	<u>360</u>	<u>318</u>

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.

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

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

Interest rate exposure

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

Group	Maturity		Total RM'000	Effective interest rate %
	Less than one year RM'000	One to five years RM'000		
At 31 December 2017				
Investment securities	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
At 31 December 2016				
Investment securities	34,939	39,537	74,476	4.46
Deposits with licensed financial institutions:				
- Cash set aside by the Group for Clearing Funds	90,000	-	90,000	3.63
- Cash and bank balances	300,364	-	300,364	3.78
Company			Maturity less than one year RM'000	Effective interest rate %
At 31 December 2017				
Deposits with licensed financial institutions:				
- Cash and bank balances			87,685	3.83
At 31 December 2016				
Deposits with licensed financial institutions:				
- Cash and bank balances			118,906	3.85

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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. The Group and the Company are exposed to foreign currency risk primarily through the holding of CME Group shares which are denominated in United States Dollars ("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		
	2017		2016	2017		2016
	USD RM'000	GBP RM'000	USD RM'000	USD RM'000	GBP RM'000	USD RM'000
Financial assets						
Investment securities - shares quoted outside Malaysia	226,806	-	197,651	226,806	-	197,651
Trade receivables	1,265	-	1,826	-	-	-
	<u>228,071</u>	<u>-</u>	<u>199,477</u>	<u>226,806</u>	<u>-</u>	<u>197,651</u>
Financial liabilities						
Other payables	<u>5,047</u>	<u>168</u>	<u>4,851</u>	<u>175</u>	<u>168</u>	<u>-</u>

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 2017					
Financial assets					
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	336,486	218	3,956	26,870	367,530
Financial liabilities					
Trade payables	<u>(336,486)</u>	<u>(218)</u>	<u>(3,956)</u>	<u>(26,870)</u>	<u>(367,530)</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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

Group (cont'd.)	USD RM'000	SGD RM'000	JPY RM'000	Total RM'000
At 31 December 2016				
Financial assets				
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	317,116	222	6,167	323,505
Financial liabilities				
Trade payables	(317,116)	(222)	(6,167)	(323,505)
	-	-	-	-

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 2017				
USD - strengthens by 5% against RM	(144)	11,196	(7)	11,333
GBP - strengthens by 5% against RM	(6)	(6)	(6)	(6)
At 31 December 2016				
USD - strengthens by 5% against RM	(115)	9,768	-	9,883

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 an entity will encounter difficulty in meeting its financial obligations due to a shortage of funds.

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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 operational 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 →				Total RM'000
	On demand RM'000	Less than one year RM'000	One year to five years RM'000	Five years and above RM'000	
Group					
At 31 December 2017					
Other payables which are financial liabilities*	17,971	15,624	-	-	33,595
Lease liabilities	-	539	2,155	37,563	40,257
	<u>17,971</u>	<u>16,163</u>	<u>2,155</u>	<u>37,563</u>	<u>73,852</u>
At 31 December 2016					
Other payables which are financial liabilities*	17,920	12,564	-	-	30,484
Company					
At 31 December 2017					
Other payables which are financial liabilities*	2,345	8,673	-	-	11,018
Lease liabilities	-	539	2,155	37,563	40,257
	<u>2,345</u>	<u>9,212</u>	<u>2,155</u>	<u>37,563</u>	<u>51,275</u>
At 31 December 2016					
Other payables which are financial liabilities*	2,733	5,986	-	-	8,719

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

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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	2017 RM'000	2016 RM'000
Current assets			
Cash for equity margins, derivatives trading margins, security deposits and SBL collaterals	24	1,166,024	1,378,595
Cash and bank balances of Clearing Funds:			
- Participants' contribution	25	39,628	36,213
Current liabilities			
Trade payables		(1,166,024)	(1,378,595)
Participants' contribution to Clearing Funds		(39,628)	(36,213)
		<u>-</u>	<u>-</u>

(e) Credit risk

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

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

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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 with licensed financial institutions at the financial year end are as follows:

	← Counterparty risk rating →				Total RM'000
	Government Guaranteed RM'000	AAA RM'000	AA RM'000	A RM'000	
Group					
At 31 December 2017					
Unquoted bonds	9,977	9,957	60,078	-	80,012
Cash and bank balances*	-	875,884	624,660	68,817	1,569,361
At 31 December 2016					
Unquoted bonds	9,638	9,986	49,896	4,956	74,476
Cash and bank balances*	-	889,864	832,117	90,917	1,812,898
Company					
At 31 December 2017					
Cash and bank balances	-	16,140	70,116	1,810	88,066
At 31 December 2016					
Cash and bank balances	-	28,153	87,984	3,819	119,956

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

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

	Group	
	2017 RM'000	2016 RM'000
At 1 January	461	175
(Reversal of impairment loss)/impairment loss for the year (Note 7)	(207)	286
At 31 December	254	461

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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) is as follows:

Group	Note	Total RM'000	Impaired RM'000	Neither past due nor impaired RM'000	Past due not impaired					Total past due not impaired RM'000
					< 30 days RM'000	31-60 days RM'000	61-90 days RM'000	91-180 days RM'000	>181 days RM'000	
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	-	-	-	-	-	-
At 31 December 2016										
Staff loans receivable	19	4,114	-	4,114	-	-	-	-	-	-
Trade receivables	21	44,492	396	32,157	4,377	2,516	652	2,075	2,319	11,939
Other receivables which are financial assets*	22	20,409	5,917	14,492	-	-	-	-	-	-

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

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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) is as follows:
(cont'd.)

Company	Note	Total RM'000	Impaired RM'000	Neither past due nor impaired RM'000	Past due not impaired					Total past due not impaired RM'000
					< 30 days RM'000	31-60 days RM'000	61-90 days RM'000	91-180 days RM'000	>181 days RM'000	
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	-	-	-	-	-	-
Due from subsidiaries	23	32,084	11,875	20,209	-	-	-	-	-	-
At 31 December 2016										
Staff loans receivable	19	3,626	-	3,626	-	-	-	-	-	-
Trade receivables	21	2,209	115	147	585	144	144	244	830	1,947
Other receivables which are financial assets*	22	11,842	2,366	9,476	-	-	-	-	-	-
Due from subsidiaries	23	28,782	11,863	16,919	-	-	-	-	-	-

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

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

(e) Credit risk (cont'd.)

(i) Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and with the Company. The Group'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 impaired have been renegotiated during the current and previous financial years.

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

(ii) Receivables that are impaired

The Group and the Company 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	Specific allowance (Note a)	Total allowance	Lifetime ECL allowance	Specific allowance (Note a)	Total allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	<u>596</u>	<u>584</u>	<u>1,180</u>	<u>4</u>	<u>5,888</u>	<u>5,892</u>
At 1 January 2016	650	732	1,382	-	6,059	6,059
(Reversal)/Charge for the year (Note b)	(95)	(138)	(233)	28	(142)	(114)
Write-offs	-	(198)	(198)	-	-	-
At 31 December 2016	<u>555</u>	<u>396</u>	<u>951</u>	<u>28</u>	<u>5,917</u>	<u>5,945</u>

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

(e) Credit risk (cont'd.)

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

- (a) Receivables that are individually determined to be impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments. The nominal amounts of receivables that specific allowances for impairment loss are provided for are as follows:

	Trade receivables		Other receivables	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Group				
At nominal amounts	584	396	5,888	5,917
Less: Allowance for impairment loss	(584)	(396)	(5,888)	(5,917)
	-	-	-	-

- (b) The Group's allowance for impairment loss on trade and other receivables during the current financial year increased by RM1,582,000 mainly due to an increase in impaired receivables during the year. In the previous financial year, the Group's allowance for impairment loss on trade and other receivables decreased by RM347,000 due to recovery of outstanding debts.

Company	Trade receivables			Other receivables			Due from subsidiary
	Lifetime	Specific	Total	Lifetime	Specific	Total	Specific
	ECL allowance	(Note a) allowance		ECL allowance	(Note a) allowance		allowance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	(Note a) RM'000
At 1 January 2017	51	115	166	28	2,366	2,394	11,863
(Reversal)/Charge 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
At 1 January 2016	21	258	279	-	2,411	2,411	11,857
Charge/(Reversal) for the year (Note b)	30	15	45	28	(45)	(17)	6
Write-offs	-	(158)	(158)	-	-	-	-
At 31 December 2016	51	115	166	28	2,366	2,394	11,863

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

(e) Credit risk (cont'd.)

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

- (a) Receivables that are individually determined to be impaired at the financial year end relate to debtors who are in significant financial difficulties and have defaulted on payments. The nominal amounts of receivables that specific allowances for impairment loss are provided for are as follows:

Company	Trade receivables		Other receivables		Due from subsidiaries	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At nominal amounts	115	115	2,366	2,366	11,875	11,863
Less: Allowance for impairment loss	(115)	(115)	(2,366)	(2,366)	(11,875)	(11,863)
	-	-	-	-	-	-

- (b) The Company's allowance for impairment loss on trade and other receivables during the current financial year increased by RM1,275,000 mainly due to an increase in impaired receivables during the year. In the previous financial year, the Company's allowance for impairment loss on trade and other receivables increased by RM28,000 was mainly due to higher provision for lifetime ECL allowance.

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

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.

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

Group	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2017				
Assets				
Investment securities				
- Quoted shares (outside Malaysia)	226,806	-	-	226,806
- Unquoted bonds	80,012	-	-	80,012
	<u>306,818</u>	<u>-</u>	<u>-</u>	<u>306,818</u>
Staff loans receivable	-	3,453	-	3,453
Trade receivables	-	47,218	-	47,218
Other receivables which are financial assets*	-	11,440	-	11,440
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	-	1,168,526	-	1,168,526
Cash and bank balances of Clearing Funds	-	129,628	-	129,628
Cash and bank balances	-	271,207	-	271,207
Total financial assets	<u>306,818</u>	<u>1,631,472</u>	<u>-</u>	<u>1,938,290</u>
Liabilities				
Trade payables	-	-	1,166,024	1,166,024
Participants' contributions to Clearing Funds	-	-	39,628	39,628
Other payables which are financial liabilities**	-	-	33,595	33,595
Lease liabilities	-	-	7,975	7,975
Total financial liabilities	<u>-</u>	<u>-</u>	<u>1,247,222</u>	<u>1,247,222</u>

* 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 Securities Commission and sundry payables as disclosed in Note 32.

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

Group	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2016				
Assets				
Investment securities				
- Quoted shares (outside Malaysia)	197,651	-	-	197,651
- Unquoted bonds	74,476	-	-	74,476
	<u>272,127</u>	<u>-</u>	<u>-</u>	<u>272,127</u>
Staff loans receivable	-	4,114	-	4,114
Trade receivables	-	43,541	-	43,541
Other receivables which are financial assets*	-	14,464	-	14,464
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	-	1,381,059	-	1,381,059
Cash and bank balances of Clearing Funds	-	126,213	-	126,213
Cash and bank balances	-	305,626	-	305,626
Total financial assets	<u>272,127</u>	<u>1,875,017</u>	<u>-</u>	<u>2,147,144</u>
Liabilities				
Trade payables	-	-	1,378,595	1,378,595
Participants' contributions to Clearing Funds	-	-	36,213	36,213
Other payables which are financial liabilities**	-	-	30,484	30,484
Total financial liabilities	<u>-</u>	<u>-</u>	<u>1,445,292</u>	<u>1,445,292</u>

* 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 Securities Commission and sundry payables as disclosed in Note 32.

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

Company	Financial assets at FVTOCI RM'000	Financial assets at amortised cost RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2017				
Assets				
Investment securities				
- Quoted shares (outside Malaysia)	226,806	-	-	226,806
Staff loans receivable	-	3,018	-	3,018
Trade receivables	-	1,788	-	1,788
Other receivables which are financial assets*	-	6,995	-	6,995
Due from subsidiaries	-	20,209	-	20,209
Cash and bank balances	-	88,066	-	88,066
Total financial assets	226,806	120,076	-	346,882
Liabilities				
Other payables which are financial liabilities**	-	-	11,018	11,018
Lease liabilities	-	-	7,975	7,975
Total financial liabilities	-	-	18,993	18,993
At 31 December 2016				
Assets				
Investment securities				
- Quoted shares (outside Malaysia)	197,651	-	-	197,651
Staff loans receivable	-	3,626	-	3,626
Trade receivables	-	2,043	-	2,043
Other receivables which are financial assets*	-	9,448	-	9,448
Due from subsidiaries	-	16,919	-	16,919
Cash and bank balances	-	119,956	-	119,956
Total financial assets	197,651	151,992	-	349,643
Liability				
Other payables which are financial liabilities**	-	-	8,719	8,719

* 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 sundry payables as disclosed in Note 32.

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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 2017			
Investment securities			
- Quoted shares (outside Malaysia)	226,806	-	226,806
- Unquoted bonds	-	80,012	80,012
	<u>226,806</u>	<u>80,012</u>	<u>306,818</u>
At 31 December 2016			
Investment securities			
- Quoted shares (outside Malaysia)	197,651	-	197,651
- Unquoted bonds	-	74,476	74,476
	<u>197,651</u>	<u>74,476</u>	<u>272,127</u>

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40. Fair value (cont'd.)

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

Company	Level 1 RM'000
At 31 December 2017	
Investment securities	
- Quoted shares (outside Malaysia)	<u>226,806</u>
At 31 December 2016	
Investment securities	
- Quoted shares (outside Malaysia)	<u>197,651</u>

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 2017 and 31 December 2016.

(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
Trade receivables	21
Other receivables which are financial assets (except staff loans receivable within 12 months)	22
Related company balances	23
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	24
Cash and bank balances of Clearing Funds	25
Cash and bank balances of the Group/Company	26
Trade payables	24
Participants' contributions to Clearing Funds	25
Other payables which are financial liabilities	32

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40. Fair value (cont'd.)

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

The carrying amount of staff loans receivable approximates its fair value, and is estimated by discounting the expected future cash flows using the current interest rates for loans with similar risk profiles. The staff loans receivable is measured at Level 3 under the measurement hierarchy.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	RM'000	RM'000	RM'000	RM'000
At 31 December 2017				
Staff loans receivable (Note 19)	3,453	3,353	3,018	2,930
At 31 December 2016				
Staff loans receivable (Note 19)	4,114	3,996	3,626	3,522

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 RM852,026,000 (2016: RM872,032,000) 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.

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42. Significant events during the financial year

On 27 November 2017, the Company announced the following proposals:

- (a) Proposed a bonus issue of up to 269,834,150 new bonus shares to be capitalised as fully paid-up on the basis of one (1) new bonus share for every two (2) existing ordinary shares of the Company held on the entitlement date that will be determined later; and
- (b) Proposed establishment and implementation of a new Employees' Share Grant Plan ("ESGP") of up to 4% of the issued share capital of the Company (excluding treasury shares) at any point in time during the tenure of the proposed ESGP. The proposed ESGP is to replace the existing SGP in order to continue driving desired corporate outcomes and behaviours for long term growth and sustainability.

The completion of the above proposals are subject to the approval of the shareholders at the forthcoming Extraordinary General Meeting.

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.

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43. Segment information (cont'd.)

(b) Market segments (cont'd.)

The four major market segments of the Group are as follows: (cont'd.)

- (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 Sha'riah 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	Exchange holding company RM'000	Others RM'000	Consolidated RM'000
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					<u>305,883</u>
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, SBL collaterals 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					<u>2,224,881</u>
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, SBL collaterals 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					<u>1,362,424</u>

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43. Segment information (cont'd.)

Market segments (cont'd.)

	Securities market RM'000	Derivatives market RM'000	Exchange holding company RM'000	Others RM'000	Consolidated RM'000
At 31 December 2017					
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
	_____	_____	_____	_____	_____

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43. Segment information (cont'd.)

Market segments (cont'd.)

	Securities market RM'000	Derivatives market RM'000	Exchange holding company RM'000	Others RM'000	Consolidated RM'000
At 31 December 2016					
Operating revenue	345,285	102,901	7,500	17,022	472,708
Other income	13,191	2,465	18,218	201	34,075
Direct costs	(89,043)	(46,966)	(25,546)	(6,278)	(167,833)
Segment profit	269,433	58,400	172	10,945	338,950
Overheads					(68,360)
Profit before tax					270,590
Segment assets					
Assets	374,096	120,237	397,401	30,388	922,122
Clearing Funds	98,260	27,953	-	-	126,213
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	89,876	1,291,183	-	-	1,381,059
Segment assets	562,232	1,439,373	397,401	30,388	2,429,394
Unallocated corporate assets					6,958
Total assets					2,436,352
Segment liabilities					
Liabilities	30,137	12,691	69,647	13,741	126,216
Participants' contribution to Clearing Funds	13,260	22,953	-	-	36,213
Equity margins, derivatives trading margins, SBL collaterals and eDividend distributions	89,876	1,291,183	-	-	1,381,059
Segment liabilities	133,273	1,326,827	69,647	13,741	1,543,488
Unallocated corporate liabilities					5,624
Total liabilities					1,549,112

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43. Segment information (cont'd.)

Market segments (cont'd.)

	Securities market RM'000	Derivatives market RM'000	Exchange holding company RM'000	Others RM'000	Consolidated RM'000
At 31 December 2016					
Other information					
Depreciation and amortisation in:					
Segments	8,163	2,281	1,660	767	12,871
Overheads	-	-	-	-	11,356
Other significant non-cash expenses:					
Net impairment loss/ (reversal of impairment loss) on:					
Investment securities	286	-	-	-	286
Trade and other receivables	(390)	6	28	9	(347)
Property, plant and equipment and computer software written off	-	-	5	-	5
Retirement benefit obligations	-	-	-	-	1,319
SGP expense in:					
Segments	4,467	952	3,156	222	8,797
Overheads	-	-	-	-	1,942