

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

**Statements of profit or loss
For the financial year ended 31 December 2016**

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Operating revenue	3	472,708	487,670	349,138	364,670
Other income	4	34,075	30,834	18,218	15,803
		<u>506,783</u>	<u>518,504</u>	<u>367,356</u>	<u>380,473</u>
Staff costs	5	(128,550)	(133,938)	(119,442)	(122,720)
Depreciation and amortisation	6	(24,227)	(23,739)	(22,080)	(21,646)
Other operating expenses	7	(83,416)	(82,051)	(54,523)	(51,748)
Profit before tax		<u>270,590</u>	<u>278,776</u>	<u>171,311</u>	<u>184,359</u>
Income tax expense	9	(67,929)	(72,321)	729	4,393
Profit for the year		<u>202,661</u>	<u>206,455</u>	<u>172,040</u>	<u>188,752</u>
Profit attributable to:					
Owners of the Company		193,621	198,613	172,040	188,752
Non-controlling interest		9,040	7,842	-	-
		<u>202,661</u>	<u>206,455</u>	<u>172,040</u>	<u>188,752</u>
Earnings per share attributable to owners of the Company (sen per share):					
Basic	10(a)	36.2	37.2		
Diluted	10(b)	<u>36.0</u>	<u>37.0</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 comprehensive income
For the financial year ended 31 December 2016**

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Profit for the year	202,661	206,455	172,040	188,752
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss:				
Gain on foreign currency translation	150	506	-	-
Net fair value changes in Available-For-Sale ("AFS") financial assets	-	30,141	-	30,144
Net fair value changes in unquoted bonds at Fair Value Through Other Comprehensive Income ("FVTOCI")	356	-	-	-
Income tax effects relating to AFS financial assets (Note 18)	-	17	-	15
Income tax effects relating to unquoted bonds at FVTOCI (Note 18)	2	-	-	-
	<u>508</u>	<u>30,664</u>	<u>-</u>	<u>30,159</u>
Items that will not be subsequently reclassified to profit or loss:				
Actuarial losses on defined benefit obligations (Note 28(a))	(627)	(884)	(627)	(884)
Net fair value changes in quoted shares at FVTOCI	48,984	-	48,984	-
Income tax effects relating to actuarial losses on defined benefit obligations (Note 18)	151	168	151	168
	<u>48,508</u>	<u>(716)</u>	<u>48,508</u>	<u>(716)</u>
Total other comprehensive income for the year, net of income tax	<u>49,016</u>	<u>29,948</u>	<u>48,508</u>	<u>29,443</u>
Total comprehensive income for the year	<u>251,677</u>	<u>236,403</u>	<u>220,548</u>	<u>218,195</u>
Total comprehensive income attributable to:				
Owners of the Company	242,637	228,561	220,548	218,195
Non-controlling interest	9,040	7,842	-	-
	<u>251,677</u>	<u>236,403</u>	<u>220,548</u>	<u>218,195</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 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	183,240	191,214	183,149	190,572
Computer software	13	47,107	52,873	38,269	42,559
Goodwill	14	42,957	42,957	29,494	29,494
Investment in subsidiaries	15	-	-	152,142	152,142
Investment securities	16	237,188	203,401	197,651	148,667
Staff loans receivable	17	3,525	4,392	3,120	3,932
Deferred tax assets	18	4,087	2,307	642	-
		<u>518,104</u>	<u>497,144</u>	<u>604,467</u>	<u>567,366</u>
Current assets					
Trade receivables	19	43,541	48,674	2,043	1,760
Other receivables	20	23,999	23,042	18,673	18,256
Due from subsidiaries	21	-	-	16,919	35,771
Tax recoverable		2,871	3,327	2,742	2,760
Investment securities	16	34,939	30,048	-	-
Cash for equity margins, derivatives trading margins, security deposits, Securities Borrowing and Lending ("SBL") collaterals and eDividend distributions	22	1,381,059	1,087,526	-	-
Cash and bank balances of Clearing Funds	23	126,213	125,568	-	-
Cash and bank balances of the Group/Company	24	305,626	271,126	119,956	103,811
		<u>1,918,248</u>	<u>1,589,311</u>	<u>160,333</u>	<u>162,358</u>
Total assets		<u>2,436,352</u>	<u>2,086,455</u>	<u>764,800</u>	<u>729,724</u>

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Statements of financial position
As at 31 December 2016 (cont'd.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Equity and liabilities					
Equity					
Share capital	25	268,136	267,307	268,136	267,307
Share premium		119,052	107,443	119,052	107,443
Other reserves	26	157,843	109,875	121,511	74,226
Retained earnings	27	323,909	318,825	167,313	183,207
Equity attributable to owners of the Company		868,940	803,450	676,012	632,183
Non-controlling interest		18,300	16,018	-	-
Total equity		887,240	819,468	676,012	632,183
Non-current liabilities					
Retirement benefit obligations	28(a)	25,079	26,112	25,079	26,112
Deferred grants	29	3,092	4,087	1,895	2,798
Deferred tax liabilities	18	2,123	3,333	-	967
		30,294	33,532	26,974	29,877
Current liabilities					
Trade payables	22	1,378,595	1,083,886	-	-
Participants' contribution to Clearing Funds	23	36,213	35,568	-	-
Other payables	30	100,509	107,297	61,814	67,664
Tax payable		3,501	6,704	-	-
		1,518,818	1,233,455	61,814	67,664
Total liabilities		1,549,112	1,266,987	88,788	97,541
Total equity and liabilities		2,436,352	2,086,455	764,800	729,724

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 2016**

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	AFS reserve	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	RM'000
At 1 January 2016	267,307	107,443	5,250	710	10,049	30,000	63,866	-	318,825	803,450	16,018	819,468	
Effects of MFRS 9 <i>Financial Instruments</i> adoption	-	-	-	-	-	-	(63,866)	64,041	(619)	(444)	(8)	(452)	
At 1 January 2016 (restated)	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 Share Grant Plan ("SGP")	25	829	11,609	-	-	(12,438)	-	-	-	-	-	-	
SGP expense (Note a)	5	-	-	-	-	10,739	-	-	-	10,739	-	10,739	
Dividends paid	11	-	-	-	-	-	-	-	(187,442)	(187,442)	-	(187,442)	
Dividends paid to non-controlling interest	15(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

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**Bursa Malaysia Berhad
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**Consolidated statement of changes in equity
For the financial year ended 31 December 2016 (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	AFS 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 2015	266,760	100,064	5,250	204	7,496	30,000	33,708	305,218	748,700	14,001	762,701
Profit for the year	-	-	-	-	-	-	-	198,613	198,613	7,842	206,455
Other comprehensive income for the year	-	-	-	506	-	-	30,158	(716)	29,948	-	29,948
Total comprehensive income for the year	-	-	-	506	-	-	30,158	197,897	228,561	7,842	236,403
Transactions with owners of the Company:											
Issuance of ordinary shares pursuant to SGP	25	547	7,379	-	-	(7,926)	-	-	-	-	-
SGP expense (Note a)	5	-	-	-	-	10,479	-	-	10,479	-	10,479
Dividends paid	11	-	-	-	-	-	-	(184,290)	(184,290)	-	(184,290)
Dividends paid to non-controlling interest	15(b)	-	-	-	-	-	-	-	-	(5,825)	(5,825)
Total transactions with owners of the Company		547	7,379	-	-	2,553	-	(184,290)	(173,811)	(5,825)	(179,636)
At 31 December 2015		267,307	107,443	5,250	710	10,049	30,000	318,825	803,450	16,018	819,468

Note a

SGP expense comprises RM10,127,000 (2015: RM9,940,000) relating to shares granted to the employees of the Company (as disclosed in Note 5) and RM612,000 (2015: RM539,000) 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.

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Bursa Malaysia Berhad
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Statement of changes in equity
For the financial year ended 31 December 2016

	Note	← Non-distributable			→ Distributable		Total equity RM'000	
		Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	AFS reserve RM'000	FVTOCI reserve RM'000		Retained earnings RM'000
At 1 January 2016		267,307	107,443	10,049	64,177	-	183,207	632,183
Effects of MFRS 9 <i>Financial Instruments</i> adoption	2.2(ii)(a)	-	-	-	(64,177)	64,177	(16)	(16)
At 1 January 2016 (restated)		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	25	829	11,609	(12,438)	-	-	-	-
SGP expense (Note a)		-	-	10,739	-	-	-	10,739
Dividends paid	11	-	-	-	-	-	(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

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Bursa Malaysia Berhad
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Statement of changes in equity
For the financial year ended 31 December 2016 (cont'd.)

	Note	← Non-distributable →			Distributable		
		Share capital RM'000	Share premium RM'000	Share grant reserve RM'000	AFS reserve RM'000	Retained earnings RM'000	Total equity RM'000
At 1 January 2015		266,760	100,064	7,496	34,018	179,461	587,799
Profit for the year		-	-	-	-	188,752	188,752
Other comprehensive income for the year		-	-	-	30,159	(716)	29,443
Total comprehensive income for the year		-	-	-	30,159	188,036	218,195
Transactions with owners of the Company:							
Issuance of ordinary shares pursuant to SGP	25	547	7,379	(7,926)	-	-	-
SGP expense (Note a)		-	-	10,479	-	-	10,479
Dividends paid	11	-	-	-	-	(184,290)	(184,290)
Total transactions with owners of the Company		547	7,379	2,553	-	(184,290)	(173,811)
At 31 December 2015		267,307	107,443	10,049	64,177	183,207	632,183

Note a

SGP expense comprises RM10,127,000 (2015: RM9,940,000) relating to shares granted to the employees of the Company (as disclosed in Note 5) and RM612,000 (2015: RM539,000) relating to shares granted to the employees of Bursa Malaysia Derivatives Berhad.

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

Bursa Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows
For the financial year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from/(used in)					
operating activities					
Profit before tax		270,590	278,776	171,311	184,359
Adjustments for:					
Amortisation of premiums, net	7	52	61	-	17
Depreciation and amortisation	6	24,227	23,739	22,080	21,646
Dividend income from investment securities	4	(6,505)	(5,372)	(6,505)	(5,372)
Grant income	4	(1,170)	(1,281)	(1,078)	(1,253)
Gross dividend income from subsidiaries	3	-	-	(186,770)	(211,936)
Interest income	4	(19,803)	(18,174)	(4,086)	(3,171)
Net gain on disposal of unquoted bonds	4	(47)	(95)	-	(95)
Net impairment loss/ (reversal of impairment loss) on:					
Investment securities	7	286	-	-	-
Trade and other receivables	7	(347)	135	28	(173)
Amount due from a subsidiary	7	-	-	6	2
Loss on disposal of motor vehicle	4	-	345	-	345
Property, plant and equipment and computer software written off	7	5	42	5	42
Retirement benefit obligations	5	1,319	1,369	1,319	1,369
Reversal of short-term accumulating compensated unutilised leave	5	(55)	(206)	(26)	(213)
SGP expense	5	10,739	10,479	10,127	9,940
Unrealised loss/(gain) on foreign exchange differences		428	(735)	441	(537)
Operating profit/(loss) before working capital changes		279,719	289,083	6,852	(5,030)
Decrease/(Increase) in receivables		2,922	(7,334)	(2,144)	(784)
(Decrease)/Increase in payables		(5,160)	13,247	(5,998)	6,636
Changes in subsidiaries' balances		-	-	19,458	(2,387)
Cash generated from/(used in) operations		277,481	294,996	18,168	(1,565)
Staff loans repaid, net of disbursements		743	1,045	702	1,006
Retirement benefits paid		(2,979)	(2,368)	(2,979)	(2,368)
Net tax (paid)/refund		(73,316)	(77,717)	(706)	268
Net cash from/(used in) operating activities		201,929	215,956	15,185	(2,659)

Bursa Malaysia Berhad
(Incorporated in Malaysia)

Statements of cash flows

For the financial year ended 31 December 2016 (cont'd.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows (used in)/from investing activities					
Dividends received		8,306	1,515	195,076	213,451
Increase in deposits not for short-term funding requirements		(84,510)	(7,068)	(54,789)	(12,886)
Interest received		18,814	17,042	3,524	3,221
Proceeds from disposal of investment securities		40,012	58,554	-	43,553
Proceeds from disposal of motor vehicle		-	283	-	283
Purchases of investment securities		(29,641)	(31,463)	-	(11,439)
Purchases of property, plant and equipment and computer software		(10,881)	(15,534)	(10,198)	(14,960)
Net cash flows (used in)/from investing activities		<u>(57,900)</u>	<u>23,329</u>	<u>133,613</u>	<u>221,223</u>
Cash flows used in financing activities					
Dividends paid	11	(187,442)	(184,290)	(187,442)	(184,290)
Dividends paid by a subsidiary to non-controlling interest		(6,750)	(5,825)	-	-
Net cash used in financing activities		<u>(194,192)</u>	<u>(190,115)</u>	<u>(187,442)</u>	<u>(184,290)</u>
Net (decrease)/increase in cash and cash equivalents					
		(50,163)	49,170	(38,644)	34,274
Effect of exchange rate changes		153	521	-	-
Cash and cash equivalents at beginning of year		<u>264,058</u>	<u>214,367</u>	<u>90,925</u>	<u>56,651</u>
Cash and cash equivalents at end of year	24(ii)	<u>214,048</u>	<u>264,058</u>	<u>52,281</u>	<u>90,925</u>

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 2016

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. The principal activities of the subsidiaries are disclosed in Note 15.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 3 February 2017.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

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 MFRS 139 *Financial Instruments: Recognition and Measurement*, and the retirement benefit obligations include actuarial gains and losses in accordance with MFRS 119 *Employee Benefits*.

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

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2. Significant accounting policies (cont'd.)

2.2 Changes in accounting policies and disclosures

At the beginning of the financial year, the Group and the Company adopted the following Standards, Amendments and Annual Improvements to Standards:

(i) Adoption of Standards, Amendments and Annual Improvements to Standards effective for the financial periods beginning on or after 1 January 2016

MFRS 14 Regulatory Deferral Accounts

Amendments to MFRS 11 Joint Arrangements - *Accounting for Acquisitions of Interests in Joint Operations*

Amendments to MFRS 101 Presentation of Financial Statements - *Disclosure Initiative*

Amendments to MFRS 127 Separate Financial Statements - *Equity Method in Separate Financial Statements*

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets - *Clarification of Acceptable Methods of Depreciation and Amortisation*

Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture - *Agriculture: Bearer Plants*

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures - *Investment Entities: Applying the Consolidation Exception*

Annual Improvements to MFRSs 2012 - 2014 Cycle

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

(ii) Early adoption of Standards effective for the financial periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments

MFRS 15 Revenue from Contracts with Customers

MFRS 15 Revenue from Contracts with Customers - *Clarifications to MFRS 15 Revenue from Contracts with Customers*

The Group and the Company have elected to early adopt MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers*, which are mandatory for the financial periods beginning on or after 1 January 2018. The impacts of the adoption of these Standards on the Group's and the Company's financial statements are as follows:

(a) MFRS 9 Financial Instruments

The adoption of this Standard resulted in changes in accounting policies and adjustments to the financial statements.

**Bursa Malaysia Berhad
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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 effective for the financial periods beginning on or after 1 January 2018 (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

The accounting policies that relate to the recognition, classification, measurement and derecognition of financial instruments and impairment of financial assets are amended to comply with the provisions of this Standard, while the hedge accounting requirements under this Standard are not relevant to the Group and to the Company. In accordance with the transition requirements under paragraph 7.2.15 of this Standard, comparatives are not restated and the financial impact on the adoption of this Standard is recognised in retained earnings as at 1 January 2016.

(i) Changes to the accounting policies

Financial assets

The Group and the Company classify their financial assets into the following measurement categories depending on the Group's and the Company's business model for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale ("AFS"), Held-To-Maturity ("HTM") and loans and receivables financial asset categories were removed.
- A new financial asset category measured at amortised cost was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows only.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("FVTOCI") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

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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 effective for the financial periods beginning on or after 1 January 2018 (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

(i) Changes to the accounting policies (cont'd.)

Financial liabilities

There is no impact on the classification and measurement of the Group's and of the Company's financial liabilities.

Impairment of financial assets

MFRS 9 *Financial Instruments* requires impairment assessments to be based on an Expected Credit Loss ("ECL") model, replacing the incurred loss model under MFRS 139 *Financial Instruments: Recognition and Measurement*.

The key changes in relation to impairment of financial assets are as follows:

a. Unquoted bonds, staff loans receivable and cash and bank balances

The amount of ECL 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 cash flows 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 apply a two-step approach to measure the ECL on unquoted bonds, staff loans receivable and cash and bank balances:

(i) 12-months ECL

For a financial asset for which there is no significant increase in credit risk since initial recognition, the Group and the Company shall measure the allowance for impairment 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 ECL

For a financial asset for which there is a significant increase in credit risk since initial recognition, a lifetime ECL for that financial asset is recognised as allowance for impairment 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 shall revert the loss allowance measurement from lifetime ECL to 12-months ECL.

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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 effective for the financial periods beginning on or after 1 January 2018 (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

(i) Changes to the accounting policies (cont'd.)

Impairment of financial assets (cont'd.)

a. Unquoted bonds, staff loans receivable and cash and bank balances (cont'd.)

At each financial year end, the Group and the Company assess whether there is a significant increase in credit risk for unquoted bonds, staff loans receivable and cash and bank balances since initial recognition by comparing the risk of default on these financial assets as at the financial year end with the risk of default as at the date of initial recognition. The Group and the Company consider external credit rating and other supportive information to assess deterioration in credit quality of these financial assets.

b. Trade and other receivables which are financial assets

The Group and the Company apply the simplified approach prescribed by MFRS 9 *Financial Instruments*, which requires a lifetime ECL to be recognised from initial recognition of the trade and other receivables which are financial assets.

(ii) Classification and measurement

The following table summarises the reclassification and measurement of the Group's and of the Company's financial assets as at 1 January 2016:

Group	Note	Measurement category		Carrying amount as at 1 January 2016	
		Original (MFRS 139)	New (MFRS 9)	Original (MFRS 139) RM'000	New (MFRS 9) RM'000
Financial assets:					
Investments securities:					
- Quoted shares (outside Malaysia)	(1)	AFS	FVTOCI	148,667	148,667
- Unquoted bonds	(1)	AFS	FVTOCI	84,782	84,782
Staff loans receivable	(2)	Loans and receivables	Amortised cost	5,026	5,026
Trade receivables	(2)	Loans and receivables	Amortised cost	48,674	48,024
Other receivables which are financial assets	(2)	Loans and receivables	Amortised cost	14,662	14,662
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	(2)	Loans and receivables	Amortised cost	1,087,526	1,087,526
Cash and bank balances of Clearing Funds	(2)	Loans and receivables	Amortised cost	125,568	125,568
Cash and bank balances of the Group	(2)	Loans and receivables	Amortised cost	271,126	271,126

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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 effective for the financial periods beginning on or after 1 January 2018 (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

(ii) Classification and measurement (cont'd.)

Company	Note	Measurement category		Carrying amount as at 1 January 2016	
		Original	New	Original	New
		(MFRS 139)	(MFRS 9)	(MFRS 139)	(MFRS 9)
				RM'000	RM'000
Financial assets:					
Investments securities - Quoted shares (outside Malaysia)	(1)	AFS	FVTOCI	148,667	148,667
Staff loans receivable	(2)	Loans and receivables	Amortised cost	4,486	4,486
Trade receivables	(2)	Loans and receivables	Amortised cost	1,760	1,739
Other receivables which are financial assets	(2)	Loans and receivables	Amortised cost	10,082	10,082
Due from subsidiaries	(2)	Loans and receivables	Amortised cost	35,771	35,771
Cash and bank balances	(2)	Loans and receivables	Amortised cost	103,811	103,811

(1) The Group and the Company elected to present in other comprehensive income the changes in the fair value of its quoted shares (outside Malaysia) previously classified as AFS, as this investment is not held for trading. For debt instruments, unquoted bonds that have previously been classified as AFS are now reclassified to FVTOCI. The Group's and the Company's business model for unquoted bonds is achieved both by collecting contractual cash flows and selling of these assets. The contractual cash flows of these investments are solely principal and interest.

(2) Staff loans receivable, trade receivables, other receivables which are financial assets, amount due from subsidiaries, cash and bank balances and cash for equity margins, derivatives trading margins, security deposits and eDividend distributions that have previously been classified as loans and receivables are now classified at amortised cost. The Group and the Company intend to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

Classification of the Group's and of the Company's financial liabilities remained unchanged. Financial liabilities consisting of trade payables, participants' contributions to Clearing Funds and other payables which are financial liabilities, continue to be measured at amortised cost.

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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 effective for the financial periods beginning on or after 1 January 2018 (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

(ii) Classification and measurement (cont'd.)

The following tables are reconciliations of the carrying amount of the Group's and of the Company's statement of financial position from MFRS 139 *Financial Instruments: Recognition and Measurement* to MFRS 9 *Financial Instruments* as at 1 January 2016:

Group	Original (MFRS 139)			New (MFRS 9)
	Carrying amount as at 31 December 2015 RM'000	Reclassification RM'000	Remeasurement RM'000	Carrying amount as at 1 January 2016 RM'000
Investment securities - AFS	233,449	(233,449)	-	-
Investment securities - FVTOCI	-	233,449	-	233,449
Deferred tax assets:				
Opening balance	2,307	-	-	2,307
Deferred tax relating to allowance for impairment	-	-	198	198
Total deferred tax assets	2,307	-	198	2,505
Trade receivables:				
Opening balance	48,674	-	-	48,674
Increase in allowance for impairment*	-	-	(650)	(650)
Total trade receivables	48,674	-	(650)	48,024
Retained earnings:				
Opening balance	318,825	-	-	318,825
Increase in allowance for impairment for:				
- unquoted bonds at FVTOCI**	-	-	(175)	(175)
- trade receivables*	-	-	(640)	(640)
Deferred tax relating to allowance for impairment	-	-	196	196
Total retained earnings	318,825	-	(619)	318,206
AFS reserve	63,866	(63,866)	-	-
FVTOCI reserve:				
Opening balance	-	63,866	-	63,866
Fair value changes arising from the increase in allowance for impairment	-	-	175	175
Total FVTOCI reserve	-	63,866	175	64,041
Non-controlling interest:				
Opening balance	16,018	-	-	16,018
Increase in allowance for impairment for trade receivables	-	-	(10)	(10)
Deferred tax relating to allowance for impairment	-	-	2	2
Total non-controlling interest	16,018	-	(8)	16,010

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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 effective for the financial periods beginning on or after 1 January 2018 (cont'd.)

(a) MFRS 9 Financial Instruments (cont'd.)

(ii) Classification and measurement (cont'd.)

Company	Original (MFRS 139)	Reclassification	Remeasurement	New (MFRS 9)
	Carrying amount as at 31 December 2015 RM'000			Carrying amount as at 1 January 2016 RM'000
Investment securities - AFS	148,667	(148,667)	-	-
Investment securities - FVTOCI	-	148,667	-	148,667
Deferred tax liabilities:				
Opening balance	967	-	-	967
Deferred tax relating to allowance for impairment	-	-	(5)	(5)
Total deferred tax liabilities	967	-	(5)	962
Trade receivables:				
Opening balance	1,760	-	-	1,760
Increase in allowance for impairment*	-	-	(21)	(21)
Total trade receivables	1,760	-	(21)	1,739
Retained earnings:				
Opening balance	183,207	-	-	183,207
Increase in allowance for impairment for trade receivables*	-	-	(21)	(21)
Deferred tax relating to allowance for impairment	-	-	5	5
Total retained earnings	183,207	-	(16)	183,191
AFS reserve	64,177	(64,177)	-	-
FVTOCI reserve	-	64,177	-	64,177

* The Group and the Company apply the simplified approach to measure the ECL.

** There is no significant credit risk for unquoted bonds at FVTOCI. Thus, the Group applies 12-months ECL.

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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 effective for the financial periods beginning on or after 1 January 2018 (cont'd.)

(b) MFRS 15 Revenue from Contracts with Customers

The Group and the Company have elected to early adopt MFRS 15 *Revenue from Contracts with Customers* which is applied retrospectively from 1 January 2016. This Standard establishes a five-step model that will apply to recognition of revenue arising from contracts with customers, and provide a more structured approach in measuring and recognising revenue. Under this Standard, revenue will be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The adoption of this Standard results in changes in accounting policies for revenue recognition, and has no material financial impact other than the disclosures made in the Group's and the Company's financial statements.

2.3 Standards issued but not yet effective

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

Effective for financial periods beginning on or after 1 January 2017

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

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

Annual Improvements to MFRSs 2014 - 2016 Cycle

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 140 Investment Property - *Transfers of Investment Property*

Annual Improvements to MFRSs 2014 - 2016 Cycle

Effective for financial periods beginning on or after 1 January 2019

MFRS 16 Leases

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*

The Group and the Company do not expect any material impact to the financial statements arising from the adoption of the above pronouncements.

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2. Significant accounting policies (cont'd.)

2.4 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

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

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

(ii) Basis of consolidation

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

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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.)

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

(iii) Transactions with non-controlling interest

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

(b) Property, plant and equipment and depreciation

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

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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.)

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 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.

Leasehold lands classified as operating leases are for a period of 99 years as disclosed in Note 32(a). Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

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

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

(c) Intangible assets

(i) Goodwill

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

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

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2. Significant accounting policies (cont'd.)

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

(c) Intangible assets (cont'd.)

(i) Goodwill (cont'd.)

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

(ii) Computer software

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

The useful lives of computer software are assessed to be finite. Computer software are amortised over their estimated useful lives of five to ten years and assessed for impairment whenever there is an indication that they may be impaired. The amortisation period and 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) Impairment of non-financial assets

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

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

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2. Significant accounting policies (cont'd.)

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

(d) Impairment of non-financial assets (cont'd.)

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

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

An assessment is made at each financial year end as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss for an asset, other than goodwill, is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised, 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.

(e) Financial assets

The Group and the Company applied the classification and measurement requirements for financial assets under MFRS 9 *Financial Instruments* effective from 1 January 2016. The 2015 financial year comparative was not restated, and the classification and measurement requirements under the previous MFRS 139 *Financial Instruments: Recognition and Measurement* was still applied. The changes in the classification and measurement requirements and its impact are disclosed in Note 2.2(ii)(a)(ii).

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.

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2. Significant accounting policies (cont'd.)

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

(e) Financial assets (cont'd.)

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 under MFRS 9 *Financial Instruments* for the financial year ended 31 December 2016 and MFRS 139 *Financial Instruments: Recognition and Measurement* for the financial year ended 31 December 2015 are as below:

Categories in the financial year ended 31 December 2016

(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 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 of these financial assets are recognised in other comprehensive income, except 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.

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 31 December 2016.

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2. Significant accounting policies (cont'd.)

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

(e) Financial assets (cont'd.)

Categories in the financial year ended 31 December 2016 (cont'd.)

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

Equity instruments are classified as financial assets measured at FVTPL if they are held for trading or are designated as such upon initial recognition. Financial assets are classified as held for trading if they are acquired principally for 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 elect an irrevocable option to designate its equity financial instruments at initial recognition as financial assets measured at FVTOCI if the equity instruments are not held for trading. As at 31 December 2016, all financial assets of the Group and of the Company that are equity instruments are classified at FVTOCI.

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 of these financial assets 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.

Categories in the financial year ended 31 December 2015

(i) Financial assets at FVTPL

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

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

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

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2. Significant accounting policies (cont'd.)

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

(e) Financial assets (cont'd.)

Categories in the financial year ended 31 December 2015 (cont'd.)

(ii) Loans and receivables

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

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

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

(iii) HTM investments

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

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

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

(iv) AFS financial assets

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

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

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2. Significant accounting policies (cont'd.)

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

(e) Financial assets (cont'd.)

Categories in the financial year ended 31 December 2015 (cont'd.)

(iv) AFS financial assets (cont'd.)

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

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

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

(f) Impairment of financial assets

The Group and the Company applied the impairment requirements for financial assets under MFRS 9 *Financial Instruments* for the financial year ended 31 December 2016. The 2015 financial year comparative was not restated, and the impairment requirements under the previous MFRS 139 *Financial Instruments: Recognition and Measurement* were still applied. The changes in the impairment requirements are explained in Note 2.2(ii)(a)(i).

Impairment based on ECL model in the financial year ended 31 December 2016

The Group and the Company assess at each financial year end 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.

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.

**Bursa Malaysia Berhad
(Incorporated in Malaysia)****2. Significant accounting policies (cont'd.)****2.4 Summary of significant accounting policies (cont'd.)****(f) Impairment of financial assets (cont'd.)*****Impairment based on ECL model in the financial year ended 31 December 2016
(cont'd.)***

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 the Company and all the cash flows that the Group and the Company expect to receive. The carrying amount of the financial asset is reduced through the use of an allowance account and the impairment loss is recognised in profit or loss. When a financial asset becomes uncollectible, it is written off against the allowance account.

The Group and the Company measure the impairment loss on unquoted bonds, staff loans receivable and cash and bank balances based on the two-step approach as disclosed in Note 2.2(ii)(a)(i). If in a subsequent period, the credit quality improves and reverses any previously assessed significant increase in credit risk since initial recognition, then the impairment loss reverts from lifetime ECL to 12-months ECL.

Impairment based on incurred loss model in the financial year ended 31 December 2015

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

(i) Loans and receivables and HTM investments

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

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

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2. Significant accounting policies (cont'd.)

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

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

Impairment based on incurred loss model in the financial year ended 31 December 2015 (cont'd.)

(i) Loans and receivables and HTM investments (cont'd.)

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

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

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

(ii) AFS financial assets

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

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

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

(g) Cash and cash equivalents

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

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2. Significant accounting policies (cont'd.)

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

(h) Financial liabilities

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

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

(i) Financial liabilities at FVTPL

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

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

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

(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.

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2. Significant accounting policies (cont'd.)

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

(i) Fair value measurement

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

The fair value of an asset or a liability is measured using the assumptions that market participants 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.

(j) Provisions

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

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

(k) Deferred grants

Grants are recognised at their fair value 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.

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2. Significant accounting policies (cont'd.)

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

(l) 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.

(m) Revenue recognition

The Group and the Company applied the five-step model for revenue recognition under MFRS 15 *Revenue from Contracts with Customers* effective from 1 January 2016. The adoption of this Standard results in changes in the accounting policy for revenue recognition, and has no material financial impact from the MFRS 118 *Revenue* applied previously.

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 in this Standard:

- (i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

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2. Significant accounting policies (cont'd.)

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

(m) Revenue recognition (cont'd.)

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.

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 comprises Institutional Settlement Services ("ISS") fees. ISS fees from the securities exchange are recognised in full when services are rendered.

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2. Significant accounting policies (cont'd.)

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

(m) Revenue recognition (cont'd.)

(iv) Other derivatives trading revenue

Other derivatives trading revenue mainly comprises 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 comprises:

(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.

(b) Perusal and processing fees

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

(vi) Depository services

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

(vii) Market data

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

(viii) Member services and connectivity

Member services and connectivity mainly comprises:

(a) Access fees

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

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2. Significant accounting policies (cont'd.)

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

(m) Revenue recognition (cont'd.)

(viii) Member services and connectivity (cont'd.)

(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.

(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.

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2. Significant accounting policies (cont'd.)

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

(n) Employee benefits

(i) Short-term benefits

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

(ii) Defined contribution plans

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

(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.

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2. Significant accounting policies (cont'd.)

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

(n) Employee benefits (cont'd.)

(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.

(v) Separation benefits

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

(o) Leases

(i) The Group and the Company as lessee

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

All of the Group'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.

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2. Significant accounting policies (cont'd.)

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

(o) Leases (cont'd.)

(ii) The Group and the Company as lessor

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

(p) Borrowing costs

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

(q) Income taxes

(i) Current tax

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

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

(ii) Deferred tax

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

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

Deferred tax assets are recognised for all deductible temporary differences, 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.

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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.)

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.

(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.

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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 (cont'd.)

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

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

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

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

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

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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 and software

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

(b) Impairment of goodwill

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

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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.)

(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 16.

(d) Depreciation/amortisation of system hardware and software

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

(e) Deferred tax assets

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

(f) Defined benefit plan

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

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

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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.)

(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 28(b).

3. Operating revenue

	Group	
	2016	2015
	RM'000	RM'000
Clearing fees ¹	168,382	185,616
Trade fees	22,294	24,489
Others	22,245	22,944
Total Securities trading revenue	<u>212,921</u>	<u>233,049</u>
Clearing fees	19,469	18,995
Trade fees	49,764	50,935
Others	19,495	16,218
Total Derivatives trading revenue	<u>88,728</u>	<u>86,148</u>
Bursa Suq Al-Sila ("BSAS") trading revenue	16,439	16,787
Listing and issuer services	53,540	52,914
Depository services	39,035	38,415
Market data	35,292	33,667
Member services and connectivity	21,001	20,844
Conference fee and exhibition related income	5,752	5,846
	<u>171,059</u>	<u>168,473</u>
Total operating revenue	<u>472,708</u>	<u>487,670</u>

¹ Securities clearing fees of the Group are stated net of the amount payable to the Securities Commission of RM43,830,000 (2015: RM48,952,000).

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3. Operating revenue (cont'd.)

The following table illustrates the Group's revenue as disaggregated by major products or services and provides a reconciliation of the disaggregated revenue with the Group's four major market segments as disclosed in Note 40. The table also includes the timing of revenue recognition.

	Securities Market RM'000	Derivatives Market RM'000	Exchange Holding Company RM'000	Others RM'000	Total RM'000
At 31 December 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>

	Company	
	2016 RM'000	2015 RM'000
Broker services	7,500	7,460
Income from subsidiaries:		
Dividend	186,770	211,936
Management fees	137,302	127,911
Office space rental	4,607	4,607
Lease rental	12,959	12,756
Total operating revenue	<u>349,138</u>	<u>364,670</u>

The Company recognises its revenue upon satisfaction of performance obligation 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	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income from:				
Deposits with financial institutions	16,176	13,887	3,876	2,504
Investment securities:				
- Unquoted bonds	3,406	3,952	-	343
- Commercial paper	52	116	52	116
Others	169	219	158	208
Dividends	6,505	5,372	6,505	5,372
Grants (Note 29)	1,170	1,281	1,078	1,253
Loss on disposal of motor vehicle	-	(345)	-	(345)
Net gain on disposal of unquoted bonds	47	95	-	95
Rental	6,398	6,132	6,398	6,132
Miscellaneous	152	125	151	125
	<u>34,075</u>	<u>30,834</u>	<u>18,218</u>	<u>15,803</u>

5. Staff costs

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages and salaries	77,117	75,968	71,169	68,883
Bonus	16,999	23,597	15,650	21,478
Social security contributions	434	361	411	340
Contributions to a defined contribution plan - EPF	14,391	14,713	13,502	13,770
Reversal of short-term accumulating compensated unutilised leave	(55)	(206)	(26)	(213)
Retirement benefit obligations (Note 28(a))	1,319	1,369	1,319	1,369
SGP expense	10,739	10,479	10,127	9,940
Other benefits	7,606	7,657	7,290	7,153
	<u>128,550</u>	<u>133,938</u>	<u>119,442</u>	<u>122,720</u>

6. Depreciation and amortisation

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Depreciation of property, plant and equipment (Note 12)	12,157	12,128	11,604	11,567
Amortisation of computer software (Note 13)	12,070	11,611	10,476	10,079
	<u>24,227</u>	<u>23,739</u>	<u>22,080</u>	<u>21,646</u>

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7. Other operating expenses

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Administrative expenses	6,010	5,867	5,535	5,578
Amortisation of premium, net	52	61	-	17
Auditors' remuneration:				
Statutory audit	336	366	77	82
Tax and assurance related services ¹	210	173	142	99
Other non-audit services ²	115	314	115	314
Building management costs:				
Office rental	83	103	83	103
Upkeep and maintenance	11,615	11,102	11,615	11,102
Central Depository System ("CDS") consumables	3,561	3,478	3,561	3,478
Net impairment loss/ (reversal of impairment loss) on:				
Investment securities	286	-	-	-
Trade and other receivables	(347)	135	28	(173)
Amount due from subsidiaries	-	-	6	2
Marketing and development expenses	10,003	9,312	5,451	4,535
Net loss/(gain) on foreign exchange differences	280	(262)	424	(580)
Operating lease payments (Note 32(a))	539	539	539	539
Professional fees	2,871	936	2,849	969
Property, plant and equipment and computer software written off	5	42	5	42
Rental of equipment	222	201	213	191
Technology charges:				
Information technology maintenance	17,339	18,046	15,304	15,753
Service fees	22,113	22,381	1,445	1,446
Others ³	8,123	9,257	7,131	8,251
	<u>83,416</u>	<u>82,051</u>	<u>54,523</u>	<u>51,748</u>

¹ 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.

² Other non-audit services rendered in 2016 are in respect of sustainability reporting training, while the services rendered in 2015 were in respect of the review of Goods and Services Tax ("GST") implementation, GST review services, cyber security assessment and transfer pricing study.

³ Others include Non-Executive Directors' remuneration as disclosed in Note 8.

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8. Directors' remuneration

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive Director's remuneration:				
Salaries and other emoluments	5,376	5,350	5,376	5,350
Defined contribution plan - EPF	363	389	363	389
	<u>5,739</u>	<u>5,739</u>	<u>5,739</u>	<u>5,739</u>
Estimated monetary value of benefits-in-kind	35	35	35	35
	<u>5,774</u>	<u>5,774</u>	<u>5,774</u>	<u>5,774</u>
Non-executive Directors' remuneration:				
Fees	950	975	950	975
Other emoluments	1,474	1,755	1,420	1,719
	<u>2,424</u>	<u>2,730</u>	<u>2,370</u>	<u>2,694</u>
Estimated monetary value of benefits-in-kind	35	35	35	35
	<u>2,459</u>	<u>2,765</u>	<u>2,405</u>	<u>2,729</u>
Total Directors' remuneration	<u>8,233</u>	<u>8,539</u>	<u>8,179</u>	<u>8,503</u>
Total Directors' remuneration excluding benefits-in-kind	8,163	8,469	8,109	8,433
Estimated monetary value of benefits-in-kind	70	70	70	70
Total Directors' remuneration including benefits-in-kind	<u>8,233</u>	<u>8,539</u>	<u>8,179</u>	<u>8,503</u>

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8. Directors' remuneration (cont'd.)

Group	2016		2015	
	Directors' fees RM'000	Other allowances ¹ / salaries RM'000	Directors' fees RM'000	Other allowances ¹ / salaries RM'000
Tan Sri Amirsham bin A Aziz	150	784	125	658
Datuk Seri Tajuddin bin Atan	-	5,774	-	5,774
Datuk Karownikaran @ Karunikaran a/l Ramasamy	100	100	100	117
Datuk Chay Wai Leong	100	87	100	70
Dato' Saiful Bahri bin Zainuddin	100	87	100	105
Dato' Zuraidah binti Atan	100	81	100	74
Dato' Eshah binti Meor Suleiman	100	73	100	96
Ghazali bin Hj Darman	100	76	100	85
Pushpanathan a/l S.A. Kanagarayar	100	101	100	95
Johari bin Abdul Muid	75	87	-	-
Datuk Dr. Md Tap bin Salleh	25	33	100	142
Tun Mohamed Dzaidin bin Haji Abdullah	-	-	25	332
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	-	25	16
	<u>950</u>	<u>7,283</u>	<u>975</u>	<u>7,564</u>
Company				
Tan Sri Amirsham bin A Aziz	150	784	125	658
Datuk Seri Tajuddin bin Atan	-	5,774	-	5,774
Datuk Karownikaran @ Karunikaran a/l Ramasamy	100	100	100	117
Datuk Chay Wai Leong	100	87	100	70
Dato' Saiful Bahri bin Zainuddin	100	69	100	93
Dato' Zuraidah binti Atan	100	81	100	74
Dato' Eshah binti Meor Suleiman	100	73	100	96
Ghazali bin Hj Darman	100	76	100	85
Pushpanathan a/l S.A. Kanagarayar	100	101	100	95
Johari bin Abdul Muid	75	59	-	-
Datuk Dr. Md Tap bin Salleh	25	25	100	118
Tun Mohamed Dzaidin bin Haji Abdullah	-	-	25	332
Tan Sri Ong Leong Huat @ Wong Joo Hwa	-	-	25	16
	<u>950</u>	<u>7,229</u>	<u>975</u>	<u>7,528</u>

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

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9. Income tax expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Income tax:				
Current year provision	70,766	75,867	725	45
Overprovision of tax in prior year	(198)	(281)	(1)	(327)
	<u>70,568</u>	<u>75,586</u>	<u>724</u>	<u>(282)</u>
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(2,580)	(3,587)	(1,263)	(4,351)
Relating to reduction in Malaysian income tax rate	-	823	-	727
Overprovision of tax in prior year	(59)	(501)	(190)	(487)
	<u>(2,639)</u>	<u>(3,265)</u>	<u>(1,453)</u>	<u>(4,111)</u>
Total income tax expense	<u>67,929</u>	<u>72,321</u>	<u>(729)</u>	<u>(4,393)</u>

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 2016 and 31 December 2015 is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accounting profit before tax	<u>270,590</u>	<u>278,776</u>	<u>171,311</u>	<u>184,359</u>
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	64,942	69,694	41,115	46,090
Deferred tax not recognised in respect of current year's:				
Tax losses	2	1	-	-
Capital allowances	755	-	755	-
Effect of tax rate of 3% on profit before tax for subsidiary incorporated in Labuan	(66)	(61)	-	-
Effect of expenses not deductible for tax purposes	4,414	4,397	4,237	4,245
Effect of reduction in Malaysian income tax rate	-	823	-	727
Effect of income not subject to tax	(1,861)	(1,751)	(46,645)	(54,641)
Overprovision of income tax in prior year	(198)	(281)	(1)	(327)
Overprovision of deferred tax in prior year	(59)	(501)	(190)	(487)
Income tax expense for the year	<u>67,929</u>	<u>72,321</u>	<u>(729)</u>	<u>(4,393)</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.

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9. Income tax expense (cont'd.)

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Arising from utilisation of current year tax losses	354	762	354	762

10. 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	
	2016	2015
Profit for the year, net of tax, attributable to owners of the Company (RM'000)	193,621	198,613
Weighted average number of ordinary shares in issue ('000)	535,550	534,105
Basic EPS (sen)	<u>36.2</u>	<u>37.2</u>

(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	
	2016	2015
Profit for the year, net of tax, attributable to owners of the Company (RM'000)	<u>193,621</u>	<u>198,613</u>
Weighted average number of ordinary shares in issue ('000)	535,550	534,105
Effect of dilution of share grants ('000)	<u>2,509</u>	<u>2,588</u>
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>538,059</u>	<u>536,693</u>
Diluted EPS (sen)	<u>36.0</u>	<u>37.0</u>

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11. Dividends

	Dividends in respect of year		Dividends recognised in year	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interim dividend on ordinary shares				
17.0 sen per share under the single-tier system, on 536,272,000 ordinary shares	91,166	-	91,166	-
16.5 sen per share under the single-tier system, on 534,614,000 ordinary shares	-	88,211	-	88,211
Final dividend on ordinary shares				
18.0 sen per share under the single-tier system, on 534,864,000 ordinary shares	-	96,276	96,276	-
18.0 sen per share under the single-tier system, on 533,770,000 ordinary shares	-	-	-	96,079
	<u>91,166</u>	<u>184,487</u>	<u>187,442</u>	<u>184,290</u>

At the forthcoming Annual General Meeting, a final dividend under the single-tier system in respect of the financial year ended 31 December 2016 of 17.0 sen per share on 536,272,000 ordinary shares, amounting to a dividend payable of approximately RM91,166,000, will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

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12. Property, plant and equipment

Group	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress RM'000	Total RM'000
Cost							
At 1 January 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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12. 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
Cost							
At 1 January 2015		320,841	32,177	49,353	2,188	430	404,989
Additions		4,547	550	1,031	580	-	6,708
Disposals		-	-	-	(837)	-	(837)
Write-offs		-	(3)	(4,460)	-	-	(4,463)
Exchange differences		53	16	309	-	-	378
Reclassification		-	-	430	-	(430)	-
At 31 December 2015		<u>325,441</u>	<u>32,740</u>	<u>46,663</u>	<u>1,931</u>	<u>-</u>	<u>406,775</u>
Accumulated depreciation							
At 1 January 2015		139,017	30,842	36,593	1,273	-	207,725
Depreciation charge for the year	6	6,420	593	4,777	338	-	12,128
Disposals		-	-	-	(209)	-	(209)
Write-offs		-	(3)	(4,458)	-	-	(4,461)
Exchange differences		53	16	309	-	-	378
At 31 December 2015		<u>145,490</u>	<u>31,448</u>	<u>37,221</u>	<u>1,402</u>	<u>-</u>	<u>215,561</u>
Net carrying amount at 31 December 2015		<u>179,951</u>	<u>1,292</u>	<u>9,442</u>	<u>529</u>	<u>-</u>	<u>191,214</u>

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

Company	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress RM'000	Total RM'000
Cost							
At 1 January 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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12. Property, plant and equipment (cont'd.)

Company	Note	Buildings and office lots (Note a) RM'000	Office equipment, furniture and fittings RM'000	Computers and office automation RM'000	Motor vehicles RM'000	Projects-in- progress RM'000	Total RM'000
Cost							
At 1 January 2015		320,564	31,727	48,568	2,010	429	403,298
Additions		4,547	550	1,031	580	-	6,708
Disposals		-	-	-	(837)	-	(837)
Write-offs		-	(3)	(3,747)	-	-	(3,750)
Reclassification		-	-	429	-	(429)	-
At 31 December 2015		<u>325,111</u>	<u>32,274</u>	<u>46,281</u>	<u>1,753</u>	<u>-</u>	<u>405,419</u>
Accumulated depreciation							
At 1 January 2015		138,760	30,427	36,954	1,096	-	207,237
Depreciation charge for the year	6	6,414	577	4,238	338	-	11,567
Disposals		-	-	-	(209)	-	(209)
Write-offs		-	(3)	(3,745)	-	-	(3,748)
At 31 December 2015		<u>145,174</u>	<u>31,001</u>	<u>37,447</u>	<u>1,225</u>	<u>-</u>	<u>214,847</u>
Net carrying amount at 31 December 2015		<u>179,937</u>	<u>1,273</u>	<u>8,834</u>	<u>528</u>	<u>-</u>	<u>190,572</u>

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

(a) Buildings and office lots

Group	Buildings RM'000	Office lots RM'000	Renovations RM'000	Total RM'000
Cost				
At 1 January 2016	285,960	19,862	19,619	325,441
Additions	-	-	2,693	2,693
Exchange differences	-	-	13	13
Write-offs	-	-	(838)	(838)
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
Exchange differences	-	-	13	13
Write-offs	-	-	(838)	(838)
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>
Cost				
At 1 January 2015	285,960	19,862	15,019	320,841
Additions	-	-	4,547	4,547
Exchange differences	-	-	53	53
At 31 December 2015	<u>285,960</u>	<u>19,862</u>	<u>19,619</u>	<u>325,441</u>
Accumulated depreciation				
At 1 January 2015	114,948	10,738	13,331	139,017
Depreciation charge for the year	5,242	282	896	6,420
Exchange differences	-	-	53	53
At 31 December 2015	<u>120,190</u>	<u>11,020</u>	<u>14,280</u>	<u>145,490</u>
Net carrying amount at 31 December 2015	<u>165,770</u>	<u>8,842</u>	<u>5,339</u>	<u>179,951</u>

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

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

Company	Buildings RM'000	Office lots RM'000	Renovations RM'000	Total RM'000
Cost				
At 1 January 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>
Cost				
At 1 January 2015	285,960	19,862	14,742	320,564
Additions	-	-	4,547	4,547
At 31 December 2015	<u>285,960</u>	<u>19,862</u>	<u>19,289</u>	<u>325,111</u>
Accumulated depreciation				
At 1 January 2015	114,948	10,738	13,074	138,760
Depreciation charge for the year	5,242	282	890	6,414
At 31 December 2015	<u>120,190</u>	<u>11,020</u>	<u>13,964</u>	<u>145,174</u>
Net carrying amount at 31 December 2015	<u>165,770</u>	<u>8,842</u>	<u>5,325</u>	<u>179,937</u>

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13. Computer software

Group	Note	Implemented projects RM'000	Projects-in- progress RM'000	Total RM'000
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>
Cost				
At 1 January 2015		110,594	3,914	114,508
Additions		6,790	612	7,402
Write-offs		(818)	-	(818)
Reclassifications		3,914	(3,914)	-
At 31 December 2015		<u>120,480</u>	<u>612</u>	<u>121,092</u>
Accumulated amortisation				
At 1 January 2015		57,386	-	57,386
Amortisation charge for the year	6	11,611	-	11,611
Write-offs		(778)	-	(778)
At 31 December 2015		<u>68,219</u>	<u>-</u>	<u>68,219</u>
Net carrying amount at 31 December 2015				
		<u>52,261</u>	<u>612</u>	<u>52,873</u>

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13. Computer software (cont'd.)

Company	Note	Implemented projects RM'000	Projects-in- progress RM'000	Total RM'000
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>
Cost				
At 1 January 2015		91,179	3,914	95,093
Additions		5,932	612	6,544
Write-offs		(818)	-	(818)
Reclassifications		3,914	(3,914)	-
At 31 December 2015		<u>100,207</u>	<u>612</u>	<u>100,819</u>
Accumulated amortisation				
At 1 January 2015		48,959	-	48,959
Amortisation charge for the year	6	10,079	-	10,079
Write-offs		(778)	-	(778)
At 31 December 2015		<u>58,260</u>	<u>-</u>	<u>58,260</u>
Net carrying amount at 31 December 2015				
		<u>41,947</u>	<u>612</u>	<u>42,559</u>

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14. Goodwill

	Group		Company	
	2016	2015	2016	2015
	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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Securities market	33,273	33,273	29,494	29,494
Derivatives market	9,684	9,684	-	-
	<u>42,957</u>	<u>42,957</u>	<u>29,494</u>	<u>29,494</u>

Key assumptions used in value-in-use calculations

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

(i) Securities market

The recoverable amount of this CGU has been determined based on value-in-use calculations using five-year financial projections. Revenue growth has been capped at 4% per annum (2015: 5% per annum), while expenses have been assumed to grow at an average of 3% per annum (2015: 5% 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. The anticipated average revenue and expenses growth in the five-year financial projections was at 11% (2015: 14%) and 12% (2015: 10%) respectively, 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 7% (2015: 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

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

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15. Investments in subsidiaries

	Company	
	2016	2015
	RM'000	RM'000
Unquoted shares, at cost	174,183	174,183
Less: Accumulated impairment losses	(22,041)	(22,041)
	<u>152,142</u>	<u>152,142</u>

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
	2016	2015	2016	2015	
	%	%	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.
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.

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15. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Proportion of ownership interest		Ordinary paid-up capital		Principal activities
	2016 %	2015 %	2016 RM'000	2015 RM'000	
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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15. Investments 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

	2016	2015
	RM'000	RM'000
Assets		
Non-current assets	14,331	15,964
Current assets	1,394,960	1,179,342
Total assets	<u>1,409,291</u>	<u>1,195,306</u>
Equity attributable to owners of the Company	<u>78,197</u>	<u>69,070</u>
Liabilities		
Non-current liabilities	3,320	3,628
Current liabilities	1,327,774	1,122,608
Total liabilities	<u>1,331,094</u>	<u>1,126,236</u>
Total equity and liabilities	<u>1,409,291</u>	<u>1,195,306</u>

(b) Summarised consolidated statement of profit or loss

	2016	2015
	RM'000	RM'000
Revenue	105,367	102,176
Expenses	(57,669)	(60,154)
Profit for the year	<u>36,158</u>	<u>31,367</u>
Dividends paid to non-controlling interest	<u>6,750</u>	<u>5,825</u>

(c) Summarised consolidated statement of cash flows

	2016	2015
	RM'000	RM'000
Net cash from operating activities	33,001	31,156
Net cash from investing activities	1,874	521
Net cash used in financing activities	(27,155)	(23,460)
Net increase in cash and cash equivalents	<u>7,720</u>	<u>8,217</u>
Cash and cash equivalents at beginning of year	<u>61,993</u>	<u>53,776</u>
Cash and cash equivalents at end of year	<u>69,713</u>	<u>61,993</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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16. Investment securities

	Group		Company	
	⁽¹⁾ 2016 RM'000	⁽²⁾ 2015 RM'000	⁽¹⁾ 2016 RM'000	⁽²⁾ 2015 RM'000
Non-current				
Quoted shares (outside Malaysia)	197,651	148,667	197,651	148,667
Unquoted bonds	39,537	54,734	-	-
	<u>237,188</u>	<u>203,401</u>	<u>197,651</u>	<u>148,667</u>
Current				
Unquoted bonds	<u>34,939</u>	<u>30,048</u>	<u>-</u>	<u>-</u>
Total investment securities	<u>272,127</u>	<u>233,449</u>	<u>197,651</u>	<u>148,667</u>

⁽¹⁾ On 1 January 2016, the shares quoted outside Malaysia and the unquoted bonds were classified as financial assets at FVTOCI under the requirements of MFRS 9 Financial Instruments. In accordance with the transition requirements under paragraph 7.2.15 of this Standard, comparatives are not restated.

⁽²⁾ Prior to 1 January 2016, the shares quoted outside Malaysia and the unquoted bonds were classified as AFS financial assets under the requirements of MFRS 139 Financial Instruments: Recognition and Measurement.

17. Staff loans receivable

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Housing loans	4,008	4,915	3,522	4,377
Vehicle loans	39	43	39	43
Computer loans	67	68	65	66
	<u>4,114</u>	<u>5,026</u>	<u>3,626</u>	<u>4,486</u>
Less: Receivables within 12 months, included in other receivables (Note 20)	<u>(589)</u>	<u>(634)</u>	<u>(506)</u>	<u>(554)</u>
	<u>3,525</u>	<u>4,392</u>	<u>3,120</u>	<u>3,932</u>

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18. Deferred tax assets/(liabilities)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At 1 January	(1,026)	(4,476)	(967)	(5,261)
Effects of MFRS 9 <i>Financial Instruments</i> adoption (Note 2.2(ii)(a)(i))	198	-	5	-
Recognised in profit or loss (Note 9)	2,639	3,265	1,453	4,111
Recognised in other comprehensive income	153	185	151	183
At 31 December	<u>1,964</u>	<u>(1,026)</u>	<u>642</u>	<u>(967)</u>

Presented after appropriate offsetting as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Deferred tax assets (before offsetting)	23,082	21,033	19,561	18,656
Offsetting	(18,995)	(18,726)	(18,919)	(18,656)
Deferred tax assets (after offsetting)	<u>4,087</u>	<u>2,307</u>	<u>642</u>	<u>-</u>
Deferred tax liabilities (before offsetting)	(21,118)	(22,059)	(18,919)	(19,623)
Offsetting	18,995	18,726	18,919	18,656
Deferred tax liabilities (after offsetting)	<u>(2,123)</u>	<u>(3,333)</u>	<u>-</u>	<u>(967)</u>
	<u>1,964</u>	<u>(1,026)</u>	<u>642</u>	<u>(967)</u>

Deferred tax assets of the Group:

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January							
2016	6,267	8,557	11	44	5,816	338	21,033
Effects of MFRS 9 <i>Financial Instruments</i> adoption (Note 2.2(ii)(a)(i))	-	-	198	-	-	-	198
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	<u>6,020</u>	<u>8,145</u>	<u>253</u>	<u>34</u>	<u>8,302</u>	<u>328</u>	<u>23,082</u>

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18. 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 RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January 2015	6,651	7,742	19	47	4,632	1,586	20,677
Recognised in profit or loss	(552)	815	(8)	(3)	1,184	(1,248)	188
Recognised in other comprehensive income	168	-	-	-	-	-	168
At 31 December 2015	<u>6,267</u>	<u>8,557</u>	<u>11</u>	<u>44</u>	<u>5,816</u>	<u>338</u>	<u>21,033</u>

Deferred tax assets of the Company:

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January 2016	6,267	6,186	11	38	5,816	338	18,656
Effects of MFRS 9 <i>Financial Instruments</i> adoption (Note 2.2(ii)(a)(i))	-	-	5	-	-	-	5
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	<u>6,020</u>	<u>4,862</u>	<u>21</u>	<u>28</u>	<u>8,302</u>	<u>328</u>	<u>19,561</u>

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

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

	Provision for retirement benefits RM'000	Other provisions and payables RM'000	Allowance for impairment RM'000	Depreciation in excess of capital allowances RM'000	Unused capital allowances RM'000	Unutilised tax losses RM'000	Total RM'000
At 1 January 2015	6,651	5,606	11	42	4,632	-	16,942
Recognised in profit or loss	(552)	580	-	(4)	1,184	338	1,546
Recognised in other comprehensive income	168	-	-	-	-	-	168
At 31 December 2015	6,267	6,186	11	38	5,816	338	18,656

Deferred tax liabilities of the Group:

	Accelerated capital allowances RM'000	Investments securities - unquoted bonds RM'000	Total RM'000
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)
At 1 January 2015	(24,992)	(161)	(25,153)
Recognised in profit or loss	3,031	46	3,077
Recognised in other comprehensive income	-	17	17
At 31 December 2015	(21,961)	(98)	(22,059)

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

Deferred tax liabilities of the Company:

	Accelerated capital allowances RM'000	Investments securities - unquoted bonds RM'000	Total RM'000
At 1 January 2016	(19,623)	-	(19,623)
Recognised in profit or loss	704	-	704
At 31 December 2016	<u>(18,919)</u>	<u>-</u>	<u>(18,919)</u>
At 1 January 2015	(22,145)	(58)	(22,203)
Recognised in profit or loss	2,522	43	2,565
Recognised in other comprehensive income	-	15	15
At 31 December 2015	<u>(19,623)</u>	<u>-</u>	<u>(19,623)</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 amount of unutilised tax losses and unused capital allowances which is not recognised in the financial statements due to uncertainty of its realisation is as follows:

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Unused capital allowances	3,144	-	3,144	-
Unutilised tax losses	8,157	8,150	-	-
	<u>11,301</u>	<u>8,150</u>	<u>3,144</u>	<u>-</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.

19. Trade receivables

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Trade receivables	44,492	49,406	2,209	2,018
Less: Allowance for impairment	(951)	(732)	(166)	(258)
	<u>43,541</u>	<u>48,674</u>	<u>2,043</u>	<u>1,760</u>

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20. Other receivables

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Deposits	738	738	616	616
Prepayments	8,946	7,746	8,719	7,620
Interest receivable	6,272	5,114	1,576	856
Staff loans receivable within 12 months (Note 17)	589	634	506	554
Sundry receivables	13,399	14,869	9,650	11,021
	<u>29,944</u>	<u>29,101</u>	<u>21,067</u>	<u>20,667</u>
Less: Allowance for impairment	<u>(5,945)</u>	<u>(6,059)</u>	<u>(2,394)</u>	<u>(2,411)</u>
	<u>23,999</u>	<u>23,042</u>	<u>18,673</u>	<u>18,256</u>

21. Related company balances

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

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

	Group	
	2016	2015
	RM'000	RM'000
Equity margins	86,012	-
Derivatives trading margins	1,276,031	1,050,155
Security deposits	15,152	33,731
SBL collaterals	1,400	-
Trade payables (Note c)	<u>1,378,595</u>	<u>1,083,886</u>
Cash received for eDividend distributions (included in other payables (Note 30))	<u>2,464</u>	<u>3,640</u>
Total cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions (Note a)	<u>1,381,059</u>	<u>1,087,526</u>

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22. 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	
	2016	2015
	RM'000	RM'000
Cash on hand and at banks	254,447	286,709
Deposits with licensed financial institutions	1,126,612	800,817
	<u>1,381,059</u>	<u>1,087,526</u>

Note b

The amount of non-cash collaterals for equity margining, 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	
	2016	2015
	RM'000	RM'000
Collaterals in the form of letters of credit	637,940	669,057
Collaterals in the form of shares	427	7,179
	<u>638,367</u>	<u>676,236</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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23. Cash and bank balances of Clearing Funds

Group	Participants' contribution RM'000	Cash set aside by the Group RM'000	Total RM'000
Contributions from:			
TCPs of Bursa Malaysia Securities Clearing	13,260	-	13,260
Bursa Malaysia Securities Clearing	-	25,000	25,000
Additional cash resources from			
Bursa Malaysia Securities Clearing	-	60,000	60,000
Clearing Guarantee Fund ("CGF") contributions	13,260	85,000	98,260
Contributions from:			
CPs of Bursa Malaysia Derivatives Clearing	22,953	-	22,953
Bursa Malaysia Derivatives Clearing	-	5,000	5,000
Derivatives Clearing Fund ("DCF") contributions	22,953	5,000	27,953
Total cash and bank balances of Clearing Funds as at 31 December 2016	36,213	90,000	126,213
Contributions from:			
TCPs of Bursa Malaysia Securities Clearing	12,911	-	12,911
Bursa Malaysia Securities Clearing	-	25,000	25,000
Additional cash resources from			
Bursa Malaysia Securities Clearing	-	60,000	60,000
CGF contributions	12,911	85,000	97,911
Contributions from:			
CPs of Bursa Malaysia Derivatives Clearing	22,657	-	22,657
Bursa Malaysia Derivatives Clearing	-	5,000	5,000
DCF contributions	22,657	5,000	27,657
Total cash and bank balances of Clearing Funds as at 31 December 2015	35,568	90,000	125,568

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

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

	2016	2015
	RM'000	RM'000
Cash and bank balances	98,260	97,911
Bank guarantees from TCPs of Bursa Malaysia Securities Clearing	<u>4,263</u>	<u>4,547</u>
Total CGF	<u>102,523</u>	<u>102,458</u>

- (ii) There are no non-cash collaterals from CPs of Bursa Malaysia Derivatives Clearing for DCF held by the Group as at 31 December 2016 and 31 December 2015.

24. Cash and bank balances

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Cash on hand and at banks	<u>5,262</u>	<u>5,143</u>	<u>1,050</u>	<u>1,012</u>
Deposits with:				
Licensed banks	284,457	252,010	113,267	95,372
Licensed investment banks	<u>15,907</u>	<u>13,973</u>	<u>5,639</u>	<u>7,427</u>
	<u>300,364</u>	<u>265,983</u>	<u>118,906</u>	<u>102,799</u>
Total cash and bank balances	<u>305,626</u>	<u>271,126</u>	<u>119,956</u>	<u>103,811</u>

- (i) Included in the Group's and the Company's cash and bank balances is an amount of RM175,000 (2015: RM182,000) 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.
- (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	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total cash and bank balances	305,626	271,126	119,956	103,811
Less: Deposits not for short-term funding requirements	<u>(91,578)</u>	<u>(7,068)</u>	<u>(67,675)</u>	<u>(12,886)</u>
	<u>214,048</u>	<u>264,058</u>	<u>52,281</u>	<u>90,925</u>

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25. Share capital

	Group and Company			
	Number of ordinary shares of RM0.50 each		Amount	
	2016	2015	2016	2015
	'000	'000	RM'000	RM'000
Authorised				
At 1 January/31 December	2,000,000	2,000,000	1,000,000	1,000,000
Issued and fully paid				
At 1 January	534,614	533,520	267,307	266,760
Issued during the year pursuant to SGP (Note 28(b))	1,658	1,094	829	547
At 31 December	536,272	534,614	268,136	267,307

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

26. Other reserves

	Note	Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Capital redemption reserve	(a)	5,250	5,250	-	-
Foreign currency translation reserve	(b)	860	710	-	-
Share grant reserve	(c)	8,350	10,049	8,350	10,049
Clearing fund reserves	(d)	30,000	30,000	-	-
FVTOCI/AFS reserve ⁽¹⁾	(e)	113,383	63,866	113,161	64,177
		<u>157,843</u>	<u>109,875</u>	<u>121,511</u>	<u>74,226</u>

⁽¹⁾ On 1 January 2016, the investment securities were classified as financial assets at FVTOCI under the requirements of MFRS 9 Financial Instruments from AFS financial assets under MFRS 139 Financial Instruments: Recognition and Measurement. Previously, the AFS reserve arising from AFS financial assets in previous years was reclassified to FVTOCI reserve. In accordance with the transition requirements under paragraph 7.2.15 of the Standard, comparatives are not restated.

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26. Other reserves (cont'd.)

(a) Capital redemption reserve

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

	Group	
	2016	2015
	RM'000	RM'000
Bursa Malaysia Depository	5,000	5,000
Bursa Malaysia Securities	250	250
	<u>5,250</u>	<u>5,250</u>

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

(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	
		2016	2015
		RM'000	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 23(i).

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26. Other reserves (cont'd.)

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

(ii) DCF reserve

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

(e) FVTOCI/AFS reserve

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

27. Retained earnings

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

28. Employee benefits

(a) Retirement benefit obligations

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	
	2016	2015
	RM'000	RM'000
Present value of funded defined benefit obligations	26,107	26,959
Fair value of plan assets	(1,028)	(847)
	<hr/>	<hr/>
Net liability arising from defined benefit obligations	25,079	26,112
	<hr/>	<hr/>

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28. Employee benefits (cont'd.)

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

The movements in the net liability were as follows:

	Note	Group and Company		
		Present value of funded defined benefit obligations RM'000	Fair value of plan assets RM'000	Total RM'000
At 1 January 2016		26,959	(847)	26,112
Interest expense/(income)	5	1,364	(45)	1,319
		<u>28,323</u>	<u>(892)</u>	<u>27,431</u>
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>
At 1 January 2015		27,943	(1,338)	26,605
Interest expense/(income)	5	1,439	(70)	1,369
		<u>29,382</u>	<u>(1,408)</u>	<u>27,974</u>
Remeasurements:				
Return on plan assets		-	61	61
Experience loss		823	-	823
		<u>823</u>	<u>61</u>	<u>884</u>
Contributions by employer		-	(375)	(375)
Payments from plan		(3,246)	875	(2,371)
At 31 December 2015		<u>26,959</u>	<u>(847)</u>	<u>26,112</u>

The plan assets comprise the following:

	Group and Company	
	2016 %	2015 %
Malaysian Government Securities	68	95
Cash and fixed deposits	32	5
	<u> </u>	<u> </u>

Principal actuarial assumptions used:

	Group and Company	
	2016 %	2015 %
Discount rate	5.0	5.3
Expected rate of salary increase	5.0	5.0
	<u> </u>	<u> </u>

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28. Employee benefits (cont'd.)

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

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

Significant actuarial assumptions for determination of the defined benefits obligation are discount rate and expected salary increase. 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	Decrease	Increase	Decrease
	by 1%	by 1%	by 1%	by 1%
	RM'000	RM'000	RM'000	RM'000
At 31 December 2016				
(Decrease)/Increase in defined benefit obligations	(1,157)	1,249	1,152	(1,090)
At 31 December 2015				
(Decrease)/Increase in defined benefit obligations	(1,388)	1,508	1,417	(1,333)

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.

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

(b) SGP

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

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28. Employee benefits (cont'd.)

(b) SGP (cont'd.)

- (ii) To facilitate the implementation of the SGP, a Trust to be administered in accordance to the Trust Deed by the Trustee appointed by the Company was established. The Trustee shall subscribe for new ordinary shares of RM0.50 each in the Company and transfer the shares to eligible employees and/or Executive Directors of the Group participating in the SGP. The Trustee will obtain financial funding from the Company and/or its subsidiaries and/or third parties for purposes of administering the Trust.
- (iii) The total number of shares to be issued under the SGP shall not exceed, in aggregate, 10% of the issued and paid-up share capital (excluding treasury shares) of the Company at any point of time during the tenure of the SGP and out of which not more than 50% of the 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 Articles of Association of the Company relating to transfer, transmission or otherwise.
- (v) The shares granted will only be vested to the eligible employees and/or Executive Directors of the Group who have duly accepted the offer of awards under the SGP, on their respective vesting dates, provided the following vesting conditions are fully and duly satisfied:
 - Eligible employees and/or Executive Directors of the Group must remain in employment with the Group and shall not have given notice of resignation or received notice of termination of service as at the vesting dates.
 - In respect of the PSP, eligible employees and/or Executive Directors of the Group having achieved his/her performance targets as stipulated by the Committee and as set out in their offer of awards.

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28. Employee benefits (cont'd.)

(b) SGP (cont'd.)

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

	Group and Company				At 31 December '000
	← At 1 January '000	Movements during the year			
		Granted '000	Vested '000	Forfeited '000	
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
2015					
2012 grants:					
RSP	148	-	(146)	(2)	-
PSP	216	-	-	(216)	-
2013 grants:					
RSP	661	-	(321)	(30)	310
PSP	440	-	-	(24)	416
2014 grants:					
RSP	1,183	-	(377)	(65)	741
PSP	450	-	-	(24)	426
2015 grants:					
RSP	-	1,369	(250)	(23)	1,096
PSP	-	465	-	(24)	441
	3,098	1,834	(1,094)	(408)	3,430

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28. Employee benefits (cont'd.)

(b) SGP (cont'd.)

As disclosed in Note 25, share grants vested during the financial year resulted in the issuance of 1,658,000 (2015: 1,094,000) ordinary shares of RM0.50 each. The weighted average share price at the date of vesting for the financial year was RM7.50 (2015: RM7.24).

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

- (i) The 2014 grant is to be vested within the next year.
- (ii) The 2015 grants are to be vested within the next 2 years.
- (iii) The 2016 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 RM8.65 (2015: RM8.27). An average expected dividend yield of 4.3% (2015: 5.3%) 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:

	2016	2015
Share price	RM8.59	RM8.20
Expected dividend yield	4.4%	4.9%
Expected volatility	15.0%	16.0%
Risk free rate	3.0%	3.3%

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29. Deferred grants

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At 1 January	4,087	5,193	2,798	3,876
Grant income (Note 4)	(1,170)	(1,281)	(1,078)	(1,253)
Received during the year	175	175	175	175
At 31 December	<u>3,092</u>	<u>4,087</u>	<u>1,895</u>	<u>2,798</u>

The deferred grants of the Group refer to grants 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 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.

30. Other payables

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Accruals	16,971	17,783	10,190	11,110
Amount due to Securities Commission	6,003	6,386	-	-
Capital Market Education and Integrity Fund ("CMEIF")	22,404	21,871	22,404	21,722
Provision for employee benefits	22,170	27,940	19,958	25,425
Receipts in advance	8,480	7,889	543	541
Sundry payables	24,481	25,428	8,719	8,866
	<u>100,509</u>	<u>107,297</u>	<u>61,814</u>	<u>67,664</u>

Included in sundry payables of the Group is cash received for eDividend distributions amounting to RM2,464,000 (2015: RM3,640,000).

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

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

The net assets of the fund are as follows:

	2016	2015
	RM'000	RM'000
Depository - CF	50,000	50,000

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

32. Operating lease arrangements

(a) The Group and Company as lessee of land

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

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

	Group and Company	
	2016	2015
	RM'000	RM'000
Not later than one year	539	539
Later than one year and not later than five years	2,155	2,155
Later than five years	38,102	38,640
	40,796	41,334

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

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32. Operating lease arrangements (cont'd.)

(b) The Group and Company as lessee of equipment

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

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

	Group and Company	
	2016	2015
	RM'000	RM'000
Not later than one year	126	152
Later than one year and not later than two years	-	126
	<u>126</u>	<u>278</u>

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

(c) The Group and Company as lessor of building

The Company has entered into operating lease agreements for the rental of office space in the building. The lease period is 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	
	2016	2015
	RM'000	RM'000
Not later than one year	6,088	5,333
Later than one year and not later than two years	308	5,235
Later than two years and not later than five years	-	7,669
	<u>6,396</u>	<u>18,237</u>

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

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32. Operating lease arrangements (cont'd.)

(d) The Company as lessor of building

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

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

	Company	
	2016	2015
	RM'000	RM'000
Not later than one year	3,504	4,607
Later than one year and not later than two years	3,504	3,504
Later than two years but not later than five years	10,513	10,513
	<u>17,521</u>	<u>18,624</u>

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

(e) The Company as lessor of equipment

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

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

	Company	
	2016	2015
	RM'000	RM'000
Not later than one year	16,269	15,077
Later than one year and not later than five years	57,838	39,947
Later than five years	15,969	7,883
	<u>90,076</u>	<u>62,907</u>

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

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33. Capital commitments

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Approved and contracted for				
Computers and office automation	1,448	1,399	1,448	1,247
Renovations	44	1,152	44	1,152
Office equipment	-	78	-	78
	<u>1,492</u>	<u>2,629</u>	<u>1,492</u>	<u>2,477</u>
Approved but not contracted for				
Computers and office automation	267	3,934	267	3,934
Renovations	26	1,148	26	1,148
	<u>293</u>	<u>5,082</u>	<u>293</u>	<u>5,082</u>

34. Significant related party disclosures

(a) Transactions with subsidiaries

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

	2016	2015
	RM'000	RM'000
Management fees income from:		
Bursa Malaysia Securities	82,747	76,594
Bursa Malaysia Derivatives	10,832	10,126
Bursa Malaysia Securities Clearing	8,514	8,278
Bursa Malaysia Derivatives Clearing	3,897	3,206
Bursa Malaysia Depository	19,050	17,930
Bursa Malaysia Information	5,027	5,213
Bursa Malaysia Islamic Services	7,218	6,547
Bursa Malaysia Bonds	2	2
LFX	15	15
	<u>137,302</u>	<u>127,911</u>
Office space rental income from:		
Bursa Malaysia Securities	1,682	1,682
Bursa Malaysia Derivatives	1,103	1,103
Bursa Malaysia Securities Clearing	275	275
Bursa Malaysia Depository	1,062	1,062
Bursa Malaysia Information	287	287
Bursa Malaysia Islamic Services	198	198
	<u>4,607</u>	<u>4,607</u>

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

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

	2016	2015
	RM'000	RM'000
Lease rental income from:		
Bursa Malaysia Securities	8,805	8,376
Bursa Malaysia Derivatives	821	836
Bursa Malaysia Securities Clearing	1,182	1,251
Bursa Malaysia Derivatives Clearing	186	200
Bursa Malaysia Depository	867	966
Bursa Malaysia Information	136	146
Bursa Malaysia Islamic Services	962	981
	<u>12,959</u>	<u>12,756</u>
Dividend income from:		
Bursa Malaysia Securities	59,000	78,000
Bursa Malaysia Derivatives	20,370	17,636
Bursa Malaysia Securities Clearing	50,000	58,100
Bursa Malaysia Depository	40,000	41,900
Bursa Malaysia Information	17,400	16,300
	<u>186,770</u>	<u>211,936</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 21.

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

(b) Transactions with other related parties

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

Government-linked and other entities are related to the Company by virtue of the substantial 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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34. 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 was as follows:

	Group and Company	
	2016	2015
	RM'000	RM'000
Short term employee benefits	9,778	10,123
Contributions to defined contribution plan - EPF	1,299	1,170
SGP	3,928	3,459
	<u>15,005</u>	<u>14,752</u>

Included in total remuneration of key management personnel are:

	Group and Company	
	2016	2015
	RM'000	RM'000
Executive Director's remuneration (Note 8)	5,739	5,739
Benefits-in-kind (Note 8)	35	35
	<u>5,774</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	
	2016	2015
	'000	'000
At 1 January	975	945
Granted	663	630
Vested	(646)	(360)
Forfeited	-	(240)
At 31 December	<u>992</u>	<u>975</u>

35. Contingent liability

In connection with the partial disposal of Bursa Malaysia Derivatives on 30 November 2009, the Company had entered into put and call options with 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.

36. Financial risk management objectives and policies

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

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

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

(a) Market risk: Equity price risk

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

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

An increase/decrease of 1% (2015: 1%) in the quoted price of the instrument would result in an increase/decrease in equity of RM1,977,000 (2015: RM1,487,000).

(b) Market risk: Interest rate risk

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

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

Interest rate risk sensitivity

The following table demonstrates the sensitivity of the Group's and the Company's profit after tax and equity to a 25 basis points (2015: 25 basis points) increase/decrease in interest rates with all other variables held constant:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Effects on profit after tax if:				
- Increase by 25 basis points	743	668	226	193
- Decrease by 25 basis points	(743)	(668)	(226)	(193)
Effects on equity if:				
- Increase by 25 basis points	425	409	226	193
- Decrease by 25 basis points	(425)	(409)	(226)	(193)

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

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

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

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

Interest rate risk exposure

The following table analyses the Group's and the Company's interest rate risk 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 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
At 31 December 2015				
Investment securities	30,048	54,734	84,782	4.41
Deposits with licensed financial institutions:				
- Cash set aside by the Group for Clearing Funds	90,000	-	90,000	4.10
- Cash and bank balances	265,983	-	265,983	4.10

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

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

Interest rate risk exposure (cont'd.)

Company	Maturity less than one year RM'000	Effective interest rate %
At 31 December 2016		
Deposits with licensed financial institutions:		
- Cash and bank balances	118,906	3.85
At 31 December 2015		
Deposits with licensed financial institutions:		
- Cash and bank balances	102,799	4.14

(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:

	2016 USD RM'000	2015 USD RM'000
Group		
Financial assets		
Investment securities - shares quoted outside Malaysia	197,651	148,667
Trade receivables	1,826	535
	<u>199,477</u>	<u>149,202</u>
Financial liabilities		
Other payables	4,851	4,973
Company		
Financial assets		
Investment securities - shares quoted outside Malaysia	197,651	148,667
Financial liabilities		
Other payables	-	173

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

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

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	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)
	-	-	-	-
At 31 December 2015				
Financial assets				
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	275,218	-	5,705	280,923
Financial liabilities				
Trade payables	(275,218)	-	(5,705)	(280,923)
	-	-	-	-

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

	Group		Company	
	Profit after tax RM'000	Equity RM'000	Profit after tax RM'000	Equity RM'000
At 31 December 2016				
USD - strengthens by 5% against RM	(115)	9,768	-	9,883
At 31 December 2015				
USD - strengthens by 5% against RM	(166)	7,267	(6)	7,427

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

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

(d) Liquidity risk

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

(i) Liabilities related risk

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

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

	← Maturity →			
	On demand RM'000	Less than three months RM'000	Three to twelve months RM'000	Total RM'000
Group				
At 31 December 2016				
Current liabilities				
Other payables which are financial liabilities*	17,920	11,668	896	30,484
At 31 December 2015				
Current liabilities				
Other payables which are financial liabilities*	14,839	16,549	426	31,814
Company				
At 31 December 2016				
Current liabilities				
Other payables which are financial liabilities*	2,733	5,090	896	8,719
At 31 December 2015				
Current liabilities				
Other payables which are financial liabilities*	3,446	4,993	427	8,866

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

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36. 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 26(d), 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	Note	On demand	
		2016	2015
		RM'000	RM'000
Current assets			
Cash for equity margins, derivatives trading margins, security deposits and SBL collaterals	22	1,378,595	1,083,886
Cash and bank balances of Clearing Funds:			
Participants' contribution	23	36,213	35,568
Current liabilities			
Trade payables		(1,378,595)	(1,083,886)
Participants' contribution to Clearing Funds		(36,213)	(35,568)
		<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 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 assets recognised in the statements of financial position.

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

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

(e) Credit risk (cont'd.)

Investment securities and cash and bank balances

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

	← Counterparty risk rating →				Total RM'000
	Government Guaranteed RM'000	AAA RM'000	AA RM'000	A RM'000	
Group					
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
At 31 December 2015					
Unquoted bonds	-	10,019	74,763	-	84,782
Cash and bank balances*	-	757,649	664,844	61,727	1,484,220
Company					
At 31 December 2016					
Cash and bank balances	-	28,153	87,984	3,819	119,956
At 31 December 2015					
Cash and bank balances	-	29,846	63,676	10,289	103,811

* 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 and the Company's cash and bank balances.

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

Group	2016 RM'000
Movement in allowance accounts:	
At 1 January	-
Effects of MFRS 9 <i>Financial Instruments</i> adoption (Note 2.2(ii)(a)(i))	175
Impairment loss for the year (Note 7)	286
At 31 December	461

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36. 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 receivables 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 2016										
Staff loans receivable	17	4,114	-	4,114	-	-	-	-	-	-
Trade receivables	19	44,492	951	31,602	4,377	2,516	652	2,075	2,319	11,939
Other receivables which are financial assets*	20	20,409	5,945	14,464	-	-	-	-	-	-
At 31 December 2015										
Staff loans receivable	17	5,026	-	5,026	-	-	-	-	-	-
Trade receivables	19	49,406	732	36,347	3,884	2,747	874	1,815	3,007	12,327
Other receivables which are financial assets*	20	20,721	6,059	14,662	-	-	-	-	-	-

* Other receivables which are financial assets include deposits, interest receivables and sundry receivables, net of allowance for impairment.

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36. 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 receivables 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 2016										
Staff loans receivable	17	3,626	-	3,626	-	-	-	-	-	-
Trade receivables	19	2,209	166	97	584	144	144	244	830	1,946
Other receivables which are financial assets*	20	11,842	2,394	9,448	-	-	-	-	-	-
Due from subsidiaries	21	28,782	11,863	16,919	-	-	-	-	-	-
At 31 December 2015										
Staff loans receivable	17	4,486	-	4,486	-	-	-	-	-	-
Trade receivables	19	2,018	258	532	355	177	140	248	308	1,228
Other receivables which are financial assets*	20	12,493	2,411	10,082	-	-	-	-	-	-
Due from subsidiaries	21	47,628	11,857	35,771	-	-	-	-	-	-

* Other receivables which are financial assets include deposits, interest receivables and sundry receivables, net of allowance for impairment.

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

(e) Credit risk (cont'd.)

(i) Receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and with the Company. The Group'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 is measured at lifetime ECL as disclosed in Note 2.2(ii)(a). Comparative amounts for 2015 represent allowance account for credit losses and reflect measurement basis under MFRS 139 *Financial Instruments: Recognition and Measurement*. The movement of the allowance for impairment loss on receivables is as follows:

Group	Trade receivables			Other receivables		
	Lifetime		Total allowance	Lifetime		Total allowance
	ECL ⁽¹⁾ allowance	Specific allowance		ECL ⁽¹⁾ allowance	Specific allowance	
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	-	732	732	-	6,059	6,059
Effects of MFRS 9 <i>Financial Instruments</i> adoption (Note 2.2(ii)(a)(i))	650	-	650	-	-	-
Charge/(reversal) for the year ⁽²⁾	(95)	(138)	(233)	28	(142)	(114)
Write-offs	-	(198)	(198)	-	-	-
At 31 December 2016	555	396	951	28	5,917	5,945
At 1 January 2015	-	388	388	-	6,268	6,268
Charge/(reversal) for the year	-	344	344	-	(209)	(209)
At 31 December 2015	-	732	732	-	6,059	6,059

⁽¹⁾ Receivables that are individually determined to be impaired at the financial year end relate to receivables that are in significant financial difficulties and have defaulted on payments. The nominal amounts of receivables that specific allowances are provided for are as follows:

	Trade receivables		Other receivables	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
At nominal amounts	396	732	5,917	6,059
Less: Allowance for impairment	(396)	(732)	(5,917)	(6,059)
	-	-	-	-

⁽²⁾ The allowance for impairment loss on trade receivables and other receivables decreased by RM233,000 and RM114,000 respectively during the current financial year resulting from the recovery of previous bad debts.

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

(e) Credit risk (cont'd.)

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

Company	Trade receivables			Other receivables			Due from subsidiaries
	Lifetime		Total	Lifetime		Total	⁽¹⁾ Specific allowance
	ECL ⁽¹⁾ allowance	Specific allowance		ECL ⁽¹⁾ allowance	Specific allowance		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	-	258	258	-	2,411	2,411	11,857
Effects of MFRS 9 <i>Financial Instruments</i> adoption (Note 2.2(ii)(a)(i))	21	-	21	-	-	-	-
Charge/(reversal) for the year ⁽²⁾	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
At 1 January 2015	-	258	258	-	2,584	2,584	11,855
(Reversal)/Charge for the year	-	-	-	-	(173)	(173)	2
At 31 December 2015	-	258	258	-	2,411	2,411	11,857

⁽¹⁾ Receivables that are individually determined to be impaired at the financial year end relate to receivables that are in significant financial difficulties and have defaulted on payments. The nominal amounts of receivables that specific allowances are provided for are as follows:

Company	Trade receivables		Other receivables		Due from subsidiaries	
	2016	2015	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At nominal amounts	115	258	2,366	2,411	11,863	11,857
Less: Allowance for impairment	(115)	(258)	(2,366)	(2,411)	(11,863)	(11,857)
	-	-	-	-	-	-

⁽²⁾ The Company's allowance for impairment loss on trade receivables increased by RM45,000 during the current financial year mainly due to higher provision for lifetime ECL allowance. Allowance for impairment loss on other receivables decreased by RM17,000 resulting from the recovery of previous debts during the current financial year.

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

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37. 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, and therefore by the measurement basis.

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, as disclosed in Note 20.

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

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

Group	AFS RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2015				
Assets				
Investment securities				
- Quoted shares (outside Malaysia)	148,667	-	-	148,667
- Unquoted bonds	84,782	-	-	84,782
	<u>233,449</u>	-	-	<u>233,449</u>
Staff loans receivable	-	5,026	-	5,026
Trade receivables	-	48,674	-	48,674
Other receivables which are financial assets*	-	14,662	-	14,662
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	-	1,087,526	-	1,087,526
Cash and bank balances of Clearing Funds	-	125,568	-	125,568
Cash and bank balances	-	271,126	-	271,126
Total financial assets	<u>233,449</u>	<u>1,552,582</u>	-	<u>1,786,031</u>
Liabilities				
Trade payables	-	-	1,083,886	1,083,886
Participants' contributions to Clearing Funds	-	-	35,568	35,568
Other payables which are financial liabilities**	-	-	31,814	31,814
Total financial liabilities	-	-	<u>1,151,268</u>	<u>1,151,268</u>

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

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

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37. 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 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
Company	AFS RM'000	Loans and receivables RM'000	Financial liabilities at amortised cost RM'000	Total RM'000
At 31 December 2015				
Assets				
Investment securities				
- Quoted shares (outside Malaysia)	148,667	-	-	148,667
Staff loans receivable	-	4,486	-	4,486
Trade receivables	-	1,760	-	1,760
Other receivables which are financial assets*	-	10,082	-	10,082
Due from subsidiaries	-	35,771	-	35,771
Cash and bank balances	-	103,811	-	103,811
Total financial assets	148,667	155,910	-	304,577
Liability				
Other payables which are financial liabilities**	-	-	8,866	8,866

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

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

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38. 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 as at the current and previous financial years.

Group	Level 1 RM'000	Level 2 RM'000	Total RM'000
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>
At 31 December 2015			
Investment securities			
- Quoted shares (outside Malaysia)	148,667	-	148,667
- Unquoted bonds	-	84,782	84,782
	<u>148,667</u>	<u>84,782</u>	<u>233,449</u>

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38. Fair value (cont'd.)

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

Company	Level 1 RM'000	Level 2 RM'000	Total RM'000
At 31 December 2016			
Investment securities			
- Quoted shares (outside Malaysia)	197,651	-	197,651
At 31 December 2015			
Investment securities			
- Quoted shares (outside Malaysia)	148,667	-	148,667

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

The Group and the Company do not have any financial liabilities carried at fair value nor any financial liabilities classified as Level 3 as at 31 December 2016 and 31 December 2015.

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

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38. 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 RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
At 31 December 2016				
Staff loans receivable (Note 17)	4,114	3,996	3,626	3,522
At 31 December 2015				
Staff loans receivable (Note 17)	5,026	4,830	4,486	4,309

39. Capital management

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

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

Total capital managed at Group level, which comprises shareholders' funds and deferred capital grants, stood at RM872,032,000 (2015: RM807,537,000) 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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40. Segment information

(a) Reporting format

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

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

(b) Market segments

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

- (i) The securities market mainly comprises the provision and operation of the listing, trading, clearing, depository services and provision and dissemination of information relating to equity securities quoted on the securities exchange.
- (ii) The derivatives market mainly comprises the provision and operation of the trading, clearing, depository services and provision and dissemination of information relating to derivative products quoted on the derivatives exchange.
- (iii) The exchange holding business refers to the operation of the Company which functions as an investment holding company.
- (iv) Others mainly comprises 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.

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

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

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40. Segment information (cont'd.)

Market segments

	Securities market RM'000	Derivatives market RM'000	Exchange holding 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	<u>(89,043)</u>	<u>(46,966)</u>	<u>(25,546)</u>	<u>(6,278)</u>	<u>(167,833)</u>
Segment profit	269,433	58,400	172	10,945	338,950
Overheads					<u>(68,360)</u>
Profit before tax					<u>270,590</u>
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	<u>89,876</u>	<u>1,291,183</u>	<u>-</u>	<u>-</u>	<u>1,381,059</u>
Segment assets	562,232	1,439,373	397,401	30,388	2,429,394
Unallocated corporate assets					<u>6,958</u>
Total assets					<u>2,436,352</u>
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	<u>89,876</u>	<u>1,291,183</u>	<u>-</u>	<u>-</u>	<u>1,381,059</u>
Segment liabilities	133,273	1,326,827	69,647	13,741	1,543,488
Unallocated corporate liabilities					<u>5,624</u>
Total liabilities					<u>1,549,112</u>

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40. 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 (reversal of impairment loss)/ 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

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40. 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 2015					
Operating revenue	362,782	100,046	7,460	17,382	487,670
Other income	12,744	2,130	15,624	336	30,834
Direct costs	<u>(89,781)</u>	<u>(50,938)</u>	<u>(32,000)</u>	<u>(5,928)</u>	<u>(178,647)</u>
Segment profit/(loss)	285,745	51,238	(8,916)	11,790	339,857
Overheads					<u>(61,081)</u>
Profit before tax					<u>278,776</u>
Segment assets					
Assets	377,269	114,625	333,227	42,606	867,727
Clearing Funds	97,911	27,657	-	-	125,568
Cash for equity margins, derivatives trading margins, security deposits, SBL collaterals and eDividend distributions	<u>3,640</u>	<u>1,083,886</u>	<u>-</u>	<u>-</u>	<u>1,087,526</u>
Segment assets	478,820	1,226,168	333,227	42,606	2,080,821
Unallocated corporate assets					<u>5,634</u>
Total assets					<u>2,086,455</u>
Segment liabilities					
Liabilities	30,554	13,874	58,246	31,182	133,856
Participants' contribution to Clearing Funds	12,911	22,657	-	-	35,568
Equity margins, derivatives trading margins, SBL collaterals and eDividend distributions	<u>3,640</u>	<u>1,083,886</u>	<u>-</u>	<u>-</u>	<u>1,087,526</u>
Segment liabilities	47,105	1,120,417	58,246	31,182	1,256,950
Unallocated corporate liabilities					<u>10,037</u>
Total liabilities					<u>1,266,987</u>

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40. 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 2015					
Other information					
Depreciation and amortisation in:					
Segments	7,955	2,231	1,600	773	12,559
Overheads	-	-	-	-	11,180
Other significant non-cash expenses:					
Net impairment loss/(reversal of impairment loss) on trade and other receivables	315	(6)	(173)	(1)	135
Property, plant and equipment and computer software written off	-	-	42	-	42
Retirement benefit obligations	-	-	-	-	1,369
SGP expense in:					
Segments	4,273	875	3,244	208	8,600
Overheads	-	-	-	-	1,879
	-	-	-	-	1,879

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41. Subsequent event

The Companies Act, 2016 (“New Act”) was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act is not expected to have any financial impact on the Group and on the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

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42. Supplementary information pursuant to Bursa Malaysia Securities Listing Requirements

The following breakdown and components of retained earnings are identified and disclosed in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016	2015	2016	2015
	RM'000	RM'000	RM'000	RM'000
Total retained earnings:				
Realised	345,279	332,389	166,827	184,175
Unrealised	2,238	1,018	486	(968)
	<u>347,517</u>	<u>333,407</u>	<u>167,313</u>	<u>183,207</u>
Consolidation adjustments	<u>(23,608)</u>	<u>(14,582)</u>	<u>-</u>	<u>-</u>
	<u>323,909</u>	<u>318,825</u>	<u>167,313</u>	<u>183,207</u>