

BANKING



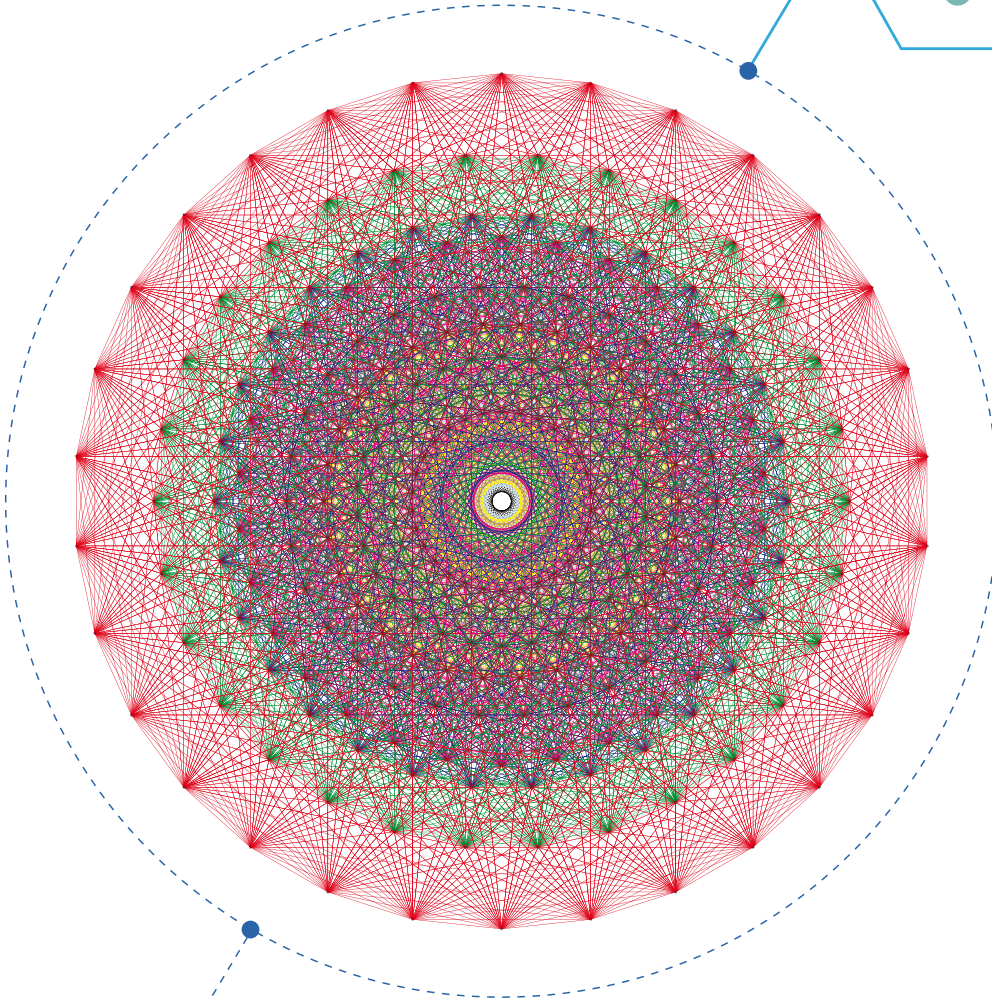
**DIGITAL  
REIMAGINED**  
From Finance to Fintech

**silverlake**  
SYMMETRY AT WORK

ANNUAL  
REPORT **2016**  
SILVERLAKE AXIS LTD



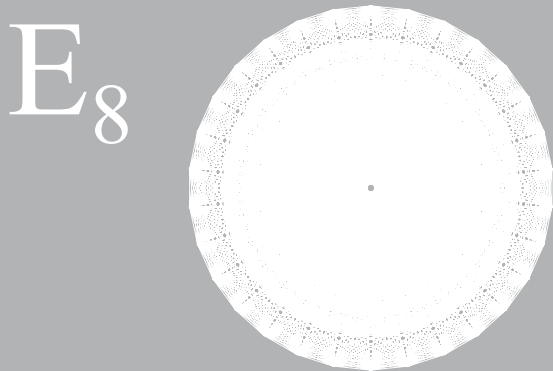
INSURANCE



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Our Mission  
To Be The Leading Fintech Company,  
Highly Valued by Our Customers and  
Partners

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The diagram above outlines the E8 root system. E8, (pronounced “E eight”) is an example of a Lie (pronounced “Lee”) group. Lie groups were invented by the 19th century Norwegian mathematician Sophus Lie to study symmetry. Underlying any symmetrical object, is a Lie group.

The American Institute of Mathematics (AIM), after four years of intensive collaboration, have successfully mapped E8, one of the largest and most complicated structures in mathematics in March 2007.

*Source: American Institute of Mathematics (AIM)*



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# Corporate Information

## BOARD OF DIRECTORS

**GOH PENG OOI**  
Group Executive Chairman

**DR. KWONG YONG SIN**  
Group Managing Director

**ONG KIAN MIN**  
Independent Non-Executive Director

**TAN SRI DATO' DR. LIN SEE YAN**  
Independent Non-Executive Director

**LIM KOK MIN**  
Independent Non-Executive Director

**DATUK SULAIMAN BIN DAUD**  
Non-Executive Director

**TAN SRI DATO' DR. MOHD MUNIR BIN  
ABDUL MAJID**  
Independent Non-Executive Director

**DATUK YVONNE CHIA**  
Independent Non-Executive Director

**GOH SHIOU LING**  
Non-Executive Director

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda  
Tel : 013 1441 295 5950  
Fax: 013 1441 292 4720

## CORPORATE OFFICE

6 Raffles Quay,  
#18-00,  
Singapore 048580

## SHARE REGISTRAR

### BERMUDA

Codan Services Limited  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## SHARE TRANSFER AGENT

### SINGAPORE

Boardroom Corporate &  
Advisory Services Pte Ltd  
50 Raffles Place  
#32-01  
Singapore Land Tower  
Singapore 048623  
Tel : 65 6536 5355  
Fax: 65 6536 1360

## JOINT COMPANY SECRETARIES

Tan Min-Li  
Hoong Lai Ling

## AUDITORS

Ernst & Young  
Kuala Lumpur, Malaysia  
Chartered Accountants  
Audit Partner : Hoh Yoon Hoong  
(with effect from financial year ended  
30 June 2015)

# Fintech Strategy And Capabilities

Fintech is a noun defining companies that use technology to provide financial services. **At Silverlake Axis, fintech is also a verb that signifies transformation and enablement.** To us, fintech is using technology to transform and create value, as finance is a crucial element in all industries. Our software and knowledge assets plus 27 years of proven financial technology experience form the foundation for our capabilities.

## Core

Silverlake Axis continues to evolve using mathematics to refine, expand and evolve core technologies, paving the way for pivotal fintech innovations. Our proven technology & business insights enable our fintech core capabilities to grow and deepen, while providing fundamental architectures for all businesses to thrive.

## Co-Core

Co-Core complements our Core engine, allowing our customers to enhance and reinvent their digital experiences. Working hand-in-hand with Fintech Core, both Core and Co-Core create multi-dimensional user experiences.

## Enabling

Through our Enabling group, we bring together the capabilities of Core and Co-Core to create and increase value for our companies and customers. This is achieved by helping them create their own fintech environments.

## M&A

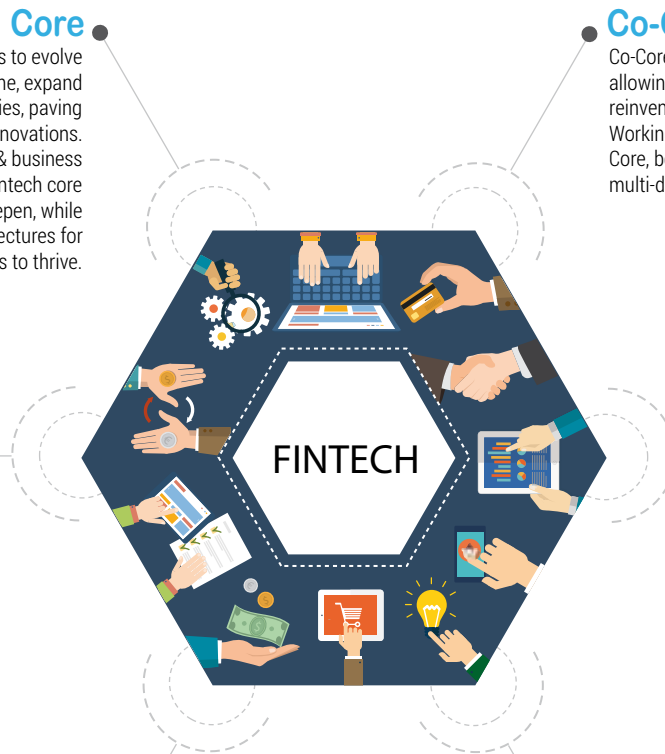
We continue to grow our offerings through strategic partnerships, mergers and acquisitions, allowing us to tap into an ocean of opportunities. As we expand beyond our Silverlake Axis borders, we bring in new technologies and expertise to further enrich our capabilities.

## Solutioning

We aim to provide virtual layers of value to the physical layer, thus creating an Augmented Financial Reality. Through a new agile platform, we combine our strong architecture with evolving user experiences to create a dynamic virtual environment.

## Businesses

Our knowledge of finance and technology puts us in the forefront to collaborate and operate fintech businesses. We have overcome the challenges of transitioning from traditional to revenue-generating digital businesses.





# Chairman's Statement

Dear Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of the Group for the financial year ended 30 June 2016.

## REVIEW OF FY2016

The prevailing economic uncertainties in the world for much of FY2016 have contributed to cautious business sentiments among financial institutions. Under such market conditions, financial institutions have slowed down their major core IT replacements and upgrades in favour of enhancements and smaller projects to deliver specific customer services and responses to changes brought about by Fintech. Notwithstanding the spending shifts by financial institutions, the Group continued to actively engage its customers to help them manage the challenges presented by the economic situation and new technologies.

Despite these headwinds, I am pleased to report that Group revenue rose 23% to RM636.3 million. Some of this growth came from the 9-month consolidation of the Symmetri Group which we acquired on 1 October 2015. With the complementary retail banking software portfolio of the Symmetri Group, we are able to address the mid-tier segment of customers in the market with a wider variety of tiered deployment options from an open digital technology platform and a pricing perspective. The acquisition also expanded our markets to Middle East and Europe.

With the revenue growth, Group gross profit rose 14% to RM383.9 million. But higher expenses, mainly from additional expenses from the consolidation of Symmetri Group, transitional Symmetri acquisition related expenses, realised foreign exchange loss and higher professional fees for a special independent review on interested person transactions resulted in a 3% decline in net profit attributable to shareholders to RM273.9 million. The Group continued to pay quarterly dividends totaling 3.0 Singapore cents per share, a payout ratio of approximately 87%. In addition to paying dividends, cash was also deployed during the year to acquire the Symmetri Group and to fund the buyback of 42 million Silverlake Axis shares.

## ACQUISITIONS SUPPORTING RESILIENT BUSINESS MODEL

The Silverlake Axis Group has been strategically transformed by a series of selected acquisitions in the last 10 years. In 2007, we acquired a 30% stake in Global InfoTech (GIT) for USD20 million. The objectives with GIT are market access and more importantly, to develop a new revenue and profit model through Fintech collaborations, and we have accomplished both objectives. Adding to the accomplishments, GIT was successfully listed on ChiNext of the Shenzhen Stock Exchange 16 months ago.

The GIT acquisition was followed by acquisitions of Silverlake Solution, QR Retail Automation, Symmetric Payments and Integration, Cyber Village, Merimen Group, Finzsoft Solutions and Symmetri Group. These acquisitions, characterised by reasonable pricing, not only brought technology or markets to the Group, but allowed the Group to continue the exploration of new Fintech revenue and profit models. With our expanded suite of business enterprise software solutions and services, the Group is well positioned to empower its customers to compete effectively in the digital economy ecosystem. In addition to strengthening our market position in China, these acquisitions have also brought us into new markets in New Zealand, Australia, South Asia and Europe, markets which we intend to expand in the years ahead.

## THE FINTECH PERSPECTIVE

About 25 years ago, we started a Fintech revolution in South East Asia by providing a mathematical core approach to the banking industry and which we later extended to other industries. We knew back then that the integration of computing and the economy will only get more complex, and the phenomena of technology/economical entanglement is inevitable. Today, this entanglement has manifested as Fintech, essentially an economic approach to technology, or conversely in the mathematical world, Techfin, the technological approach to the economy.

It was in the midst of this technological/economic change that Silverlake Axis embarked on some key investments, starting with GIT, Merimen Group, Cyber Village, Finzsoft Solutions and Symmetri Group to name a few. We firmly believe our acquired subsidiaries, associates and joint venture are important components to this transformation. Entering 2017, we will work on synergising and consolidating all the parts together as we advance our Fintech journey.

As we have demonstrated the value and benefit realisation of our investment in GIT, we should also mention the Merimen Group which we acquired in 2013. Merimen is in every sense a model for this Fintech world, starting the journey in policy origination and claim processing for the insurance industry, but is now ready to expand into the new opportunities in Insuretech. The Merimen business model is powered by a highly scalable software as a service platform to 'uberise' the insurance ecosystem, generating positive network economic effects and recurring revenues for all participants in an extremely efficient

## Chairman's Statement (cont'd)

manner. Having secured the market leading position in Malaysia, Singapore and Indonesia, Merimen is working closely with insurers to roll out the service to other parts of Asia, and in due course, globally. In addition to an active rollout programme, Merimen will also be looking for suitable acquisitions to bolster its market share. We will continue to actively invest in Merimen with internally generated profits.

### PROSPECTS

The cautious business outlook for the financial industry is likely to continue into FY2017. We expect the shift in IT spending by financial institutions to carry on for the next 6 to 12 months. While we remain ever ready to undertake enhancements and projects to improve the services of our customers, we are also preparing for the larger contracts that will come with a return to a new normal of IT spending by financial institutions following a period of slowdown. As explained earlier, the 'Fintech' revolution could be a big breakthrough as in the saying, 'fortune favours the prepared mind'.

While the Group monetises some of its investments, it will at the same time continue to evaluate suitable acquisition opportunities to expand its capabilities, markets and the journey to Fintech. Considerable efforts and investments will be channelled by the Group to help its subsidiaries capture Fintech opportunities and expand their market share over the medium term.

### A WORD OF THANKS

FY2016 is considered to be a year of good performance for the Group. On behalf of the Board, I would like to thank our management and staff for their contributions and dedication during the year. I remain grateful to my fellow directors for their guidance and wise counsel not only during 2016, but over the past years since our listing in 2003. To our customers, shareholders, bankers and business associates, we are appreciative of your continuing support.

#### **Goh Peng Ooi**

Group Executive Chairman  
28 September 2016





## Financial Highlights

↑ 23%

Revenue

RM636.3 million

↑ 14%

Gross Profit

RM383.9 million

↓ 2%

Profit Before Tax

RM300.2 million

↓ 3%

Net Profit

RM273.9 million

Financial Year Ended 30 June	2012	2013	2014	2015	2016
<b>1. Financial Results (RM' million)</b>					
Revenue	400.0	398.6	500.7	516.0	636.3
Gross Profit	217.5	253.9	306.7	337.1	383.9
EBITDA	190.7	222.9	290.9	321.9	317.8
Profit Before Tax	179.8	213.0	274.1	306.8	300.2
Net Profit	162.3	196.0	248.9	282.7	273.9
<b>2. Financial Positions (RM' million)</b>					
Share Capital	151.3	157.5	157.5	157.5	191.0
Shareholders' Fund	297.6	588.1	616.3	639.3	602.5
Total Assets	400.4	743.9	766.7	779.0	833.4
<b>3. Financial Ratio</b>					
Gross Profit Margin (%)	54%	64%	61%	65%	60%
Net Profit Margin (%)	41%	49%	50%	55%	43%
Return on Equity (%)	55%	33%	40%	44%	45%
Current Assets / Current Liabilities (Times)	3.1	5.2	4.5	4.0	2.3
<b>4. Per Share (RM sen)</b>					
Basic Earnings Per Share	7.72	9.25	11.09	10.53*	10.30
Net Assets Per Share	14.18	26.20	27.46	23.74**	22.71
<b>5. Dividends (SGD cents)</b>					
Dividends Per Share	1.90	3.10	4.50	4.20***	3.00***

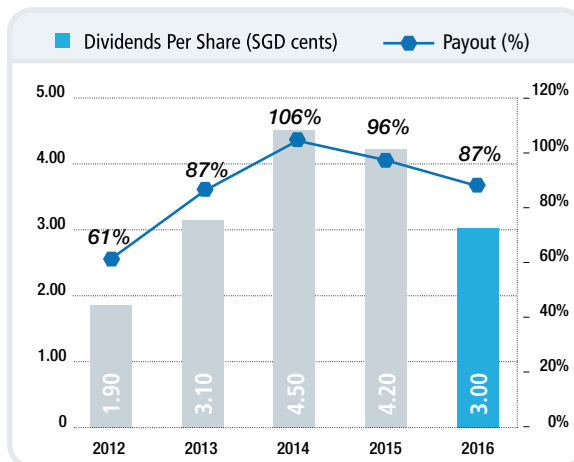
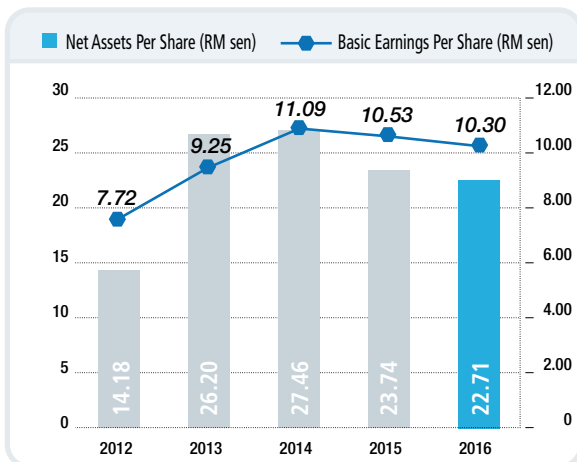
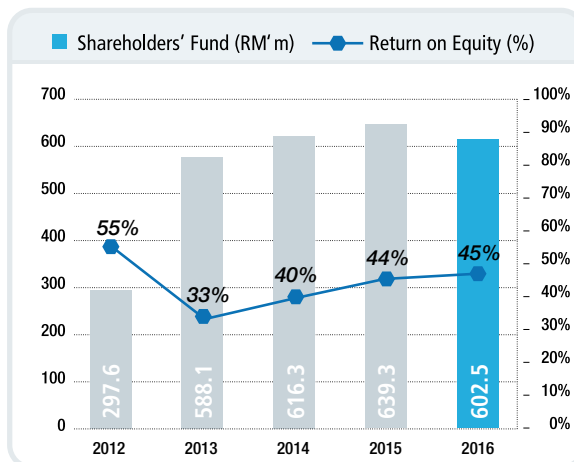
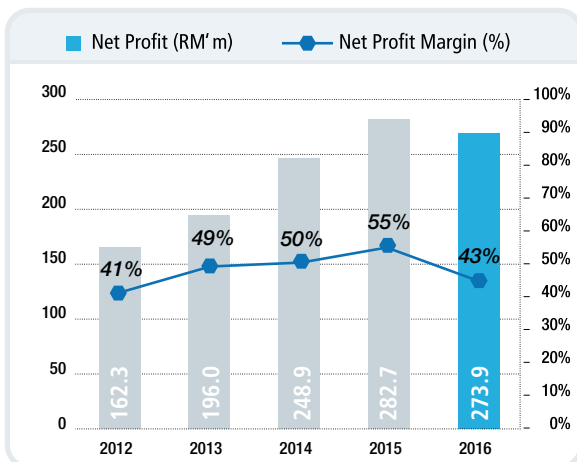
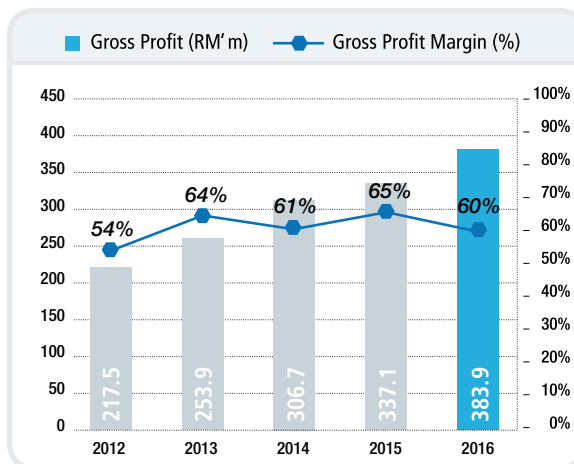
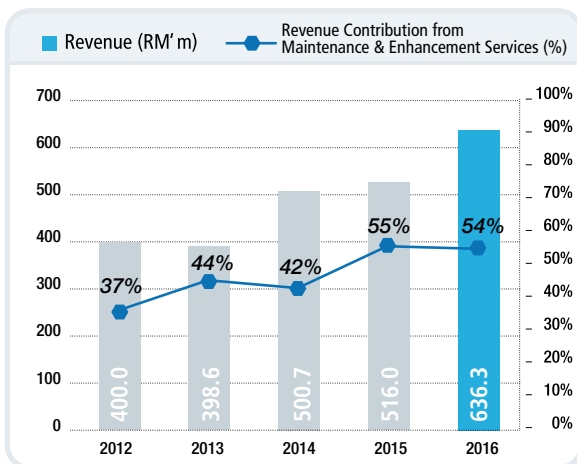
\* The weighted average number of ordinary shares used for the per share calculations as at 30 June 2015 have been adjusted to account for the bonus shares issued on 8 July 2015, where retrospective adjustment is required in accordance with IAS 33 Earnings Per Share.

\*\* The number of ordinary shares used for the per share calculations as at 30 June 2015 have been adjusted to account for the bonus shares issued on 8 July 2015, where retrospective adjustment is required in accordance with IAS 33 Earnings Per Share.

\*\*\* The one for five bonus shares issued on 8 July 2015 were entitled for the fourth and final dividend of Singapore cents 1.2 per share declared for FY2015. The dividends declared in FY2016 were also based on a larger share base, taking into account the bonus shares issued.



## Financial Highlights (cont'd)





## Financial and Operations Review



Group revenue grew 23% to RM636.3 million. Our return on equity in FY2016 stood at 45%.



### FINANCIAL PERFORMANCE REVIEW

#### OVERVIEW

The Group remained resilient in financial year 2016 (“FY2016”) under cautious economic conditions in Asia. Asian financial institutions and corporations slowed down their major core IT replacement or upgrades but continued to invest in IT to improve efficiency and to meet regulatory compliances. The Group saw revenue grew 23% to RM636.3 million and reported a net profit attributable to shareholders of RM273.9 million. The various acquisitions since FY2010 to broaden the suite of business enterprise software solutions and services offerings have contributed positively to the growth.

During the year, the Group completed the acquisition of SunGard Ambit (Singapore) Pte. Ltd., now renamed as Silverlake Symmetri (Singapore) Pte. Ltd. (“Symmetri Group”). With this acquisition, the Group has further expanded its suite of software and services to include a complementary retail banking software portfolio that offers mid-tier customers a wider variety of tiered deployment options from an open digital technology platform and a pricing perspective. In the three quarters post acquisition, Symmetri Group contributed 9% of Group revenue and 3% of Group net profit after tax.

#### REVENUE

The increase in Group revenue to RM636.3 million was broad based with higher contributions from all revenue segments with the exception of software licensing and contribution from Symmetri Group following its acquisition on 1 October 2015.

Revenue from software project services increased significantly due to higher progressive revenue recognition from new and on-going project implementation contracts and the consolidation of Symmetri Group’s projects on hand. The Group has also benefited from four major sales of hardware products in FY2016 compared with only one major sale of hardware product delivered in FY2015.

Maintenance and enhancement services revenue recorded strong growth due to the consolidation of Symmetri Group’s maintenance and enhancement revenue and more maintenance and enhancement contracts secured in Singapore and Malaysia following the completion of software implementation projects. More enhancement contracts from a major customer and the appreciation of Japanese Yen against Ringgit Malaysia led to an increase in credit and cards processing revenue.

Revenue contribution from insurance processing in FY2016 was higher compared with FY2015 as the recurrent revenue base increased following the expansion of business activities into Thailand and Vietnam as well as addition of new customers in Malaysia, Singapore and Indonesia.

However, software licensing revenue declined marginally due to lower value software licensing contracts delivered in FY2016.

## Financial and Operations Review (cont'd)

### FINANCIAL PERFORMANCE REVIEW (cont'd)

#### PROFITABILITY

Driven by the 23% revenue growth, gross profit rose 14% to RM383.9 million. However, the Group's gross profit margin of 60% in FY2016 was lower compared with 65% in FY2015. This decline was due to the change in revenue mix with lower proportion of revenue recorded from higher margin maintenance and enhancement services, lower gross profit margin from credit and cards processing as well as the consolidation of lower margin Symmetri Group for nine months in FY2016.

Interest income was lower in FY2016 due to less cash available for deposits with financial institutions in FY2016 compared with FY2015. Other income decreased mainly due to the recognition of an accounting gain on dilution of interest in an associate, Global InfoTech Co. Ltd. ("GIT") following its Initial Public Offering ("IPO") of RM19.2 million in FY2015 compared with RM2.9 million in FY2016 on dilution in GIT arising from the issuance of new shares pursuant to its employee shares incentive plan.

As for expenses, higher selling and distribution expenses were incurred to support marketing and research activities in FY2016. Administrative expenses increased by 51% to RM82.5 million mainly due to additional expenses from the consolidation of Symmetri Group, Symmetri Group's non-recurring post-acquisition transition expenses, realised foreign currency exchange loss from translation of receivables, bank balances and contracts with customers and subcontractors denominated in foreign currencies, professional fees for the special independent review on interested person transactions and increase in staff related costs. This was partially offset by lower charge on share awards granted pursuant to Silverlake Axis Ltd. Performance Share Plan. Finance costs decreased due to lower fair value adjustment on outstanding considerations payable for acquisitions.

The Group's share of profit of associates and a joint venture was lower at RM1.8 million due to lower contribution and lower share of profit of GIT from the dilution of interest in GIT from 27% to 20.25% following GIT's IPO in Q4 FY2015 and subsequently from 20.25% to 20.01% from issuance of new shares pursuant to employee shares incentive plan in January 2016.

With higher revenue from most business segments, offset by higher cost of sales and increase in selling and administrative expenses, the Group recorded a net profit of RM273.9 million in FY2016.

#### FINANCIAL POSITION

The Group's operations generated healthy net cash inflows of RM209.1 million in FY2016. The cash was mainly used to finance the acquisition of Symmetri Group, the final payment for the acquisition of remaining 20% issued share capital of Merimen Group and the third payment for the acquisition of Cyber Village. In addition, the Group made payment totaling RM257.5 million for dividends and RM69.6 million for share buyback. As at 30 June 2016, cash and bank balances of the Group remained healthy at RM225.9 million.

Trade and related parties receivables increased mainly due to higher revenue billings during the year and the consolidation of Symmetri Group's receivables of approximately RM35.0 million.

Following the completion of acquisition of Symmetri Group, fair values of identifiable assets and goodwill related to the acquisition lifted the Group's non-current assets to RM356.0 million. Total liabilities increased to RM230.8 million as at 30 June 2016 mainly due to drawdown of revolving credit facilities during the financial year. Even with higher borrowings in FY2016 compared to FY2015, the Group's statements of financial position remained strong with a comfortable net cash position.

### OPERATIONS REVIEW

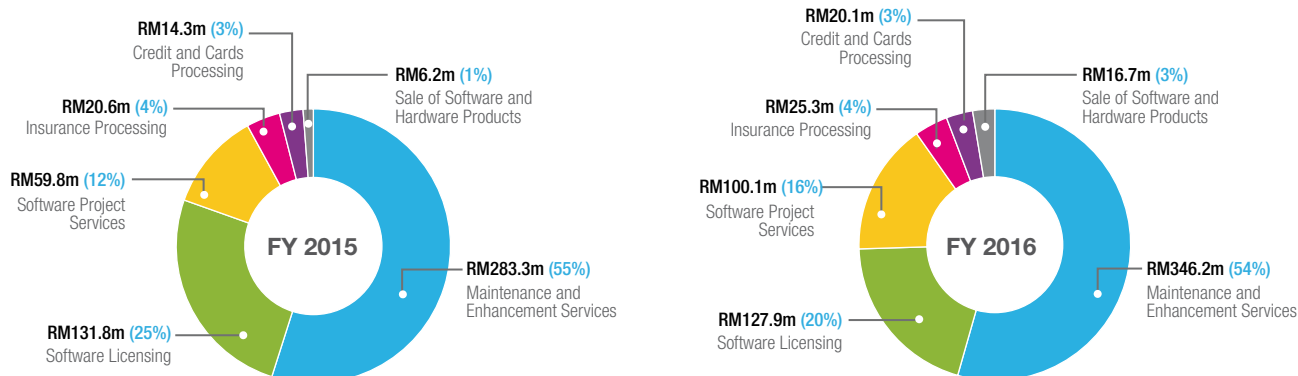
The Group is a leading provider of digital economy solutions and services to the Banking, Insurance, Payment, Retail and Logistics industries. The Group's Silverlake Axis Software and Services Solutions deliver operational excellence and enable business transformations at over 200 organisations, including 40% of the largest banks in South East Asia and Symmetri Group's 50 customers across Eastern Europe, Middle East and Asia.

The Group's revenue contributions, in the order of their percentage contribution to total revenue in FY2016, are (i) Maintenance and Enhancement Services, (ii) Software Licensing, (iii) Software Project Services, (iv) Insurance Processing, (v) Credit and Cards Processing and (vi) Sale of Software and Hardware Products. Symmetri Group's revenue is included in the Maintenance and Enhancement Services, Software Licensing, Software Project Services and Sale of Software and Hardware Products.

## Financial and Operations Review (cont'd)

### OPERATIONS REVIEW (cont'd)

#### REVENUE BY BUSINESS ACTIVITIES



#### MAINTENANCE AND ENHANCEMENT SERVICES

The maintenance and enhancement services business focuses on providing round-the-clock software support services and software enhancement services to customers to ensure the smooth running of their daily business operations as well as helping them to deliver new capabilities to achieve business excellence.

In FY2016, maintenance and enhancement services remained the key revenue contributor and provided the Group with a steadily growing recurrent revenue stream. Revenue from maintenance and enhancement services increased 22% to RM346.2 million and accounted for 54% of total revenue. The improvement was mainly attributed to the consolidation of Symmetri Group's maintenance and enhancement revenue as well as new maintenance contracts and several major enhancement contracts secured from existing customers following the completion of software implementation contracts. Further, as an affirmation of the Group's value-added services, a few major maintenance and enhancement service contracts were converted into application management services contracts during the year, where dedicated resources are assigned to the customers.

Geographically, new maintenance contracts commenced in Malaysia (for an Islamic banking institution), Singapore (for an insurance company) and Thailand (for new modules for an existing customer) following the completion of software implementation contracts. A few maintenance contracts were renewed with upward revision in fees. Enhancement contracts were secured from existing customers in Malaysia, Singapore, Indonesia and Brunei to improve the effectiveness of their system and better serve the end consumers of these customers. With the acquisition of Symmetri Group, the Group has extended its geographical reach to Eastern Europe, Middle East and South Asia.

#### SOFTWARE LICENSING

The software licensing business focuses on providing digital economy solutions to corporations in the banking and financial services, retail and logistics industries. The Group's main products include Silverlake Axis Integrated Banking Solution (SIBS), Silverlake Axis Integrated Islamic Banking Solution (SIIBS), Silverlake Axis Integrated Provident Fund System (SIPFS), Silverlake Axis Cards System (SCS), Silverlake Axis Retail Merchandising System (PROFIT), Silverlake Axis Enterprise Payment Platform, Cyber Village Converged Internet and Mobile Platform and Silverlake Symmetri Retail Banking Solution.

Software licensing remained the Group's second largest revenue contributor, accounted for 20% of total revenue in FY2016. Software licensing contracts were implemented in Brunei and Indonesia. In FY2016, the Group's financial technology solutions have started powering the Growth Accelerator Platform (GAX) which was launched at the ASEAN Business and Investment Summit 2015 in November 2015. GAX aims to cater to the financing needs of ASEAN micro, small and medium enterprises and the digital platform will be rolled-out in phases starting from Malaysia.

As the value of most software licensing contracts delivered in FY2016 was lower, revenue from this business activity declined by 3% compared with the previous financial year. Further revenue recognition is expected to take place in the current and subsequent financial year with the progressive delivery of new and ongoing software licensing contracts secured from customers.

## Financial and Operations Review (cont'd)

### OPERATIONS REVIEW (cont'd)

#### SOFTWARE PROJECT SERVICES

The software project services business focuses on providing implementation services to deliver end-to-end core banking, payment and retail solutions to our customers.

Revenue from software project services increased significantly to RM100.1 million in FY2016. The Group continued to progressively deliver ongoing implementation contracts as well as new contracts secured from existing and new customers during the year. Throughout the year, the Group was occupied with a number of major go-lives, including the CIMB Niaga project, a Silverlake Axis Integrated Provident Fund System (SIPFS) project in Brunei, an Islamic Banking software implementation for a Malaysian customer and the final stage of a project in China.

As at the end of FY2016, the Group has successfully rolled-out the Regional Core Banking replacement for the CIMB Group in five countries within a period of five years.

#### INSURANCE PROCESSING

The insurance processing business, undertaken by Merimen Group, focuses on providing cloud computing Software as a Service (SaaS) collaborative platform for policy origination and claim processing for the insurance industry, connecting stakeholders in the insurance ecosystem to ensure faster processing, improved efficiency and easier performance evaluation.

In FY2016, Merimen recorded 22% higher recurrent revenue and contributed RM25.3 million to Group revenue. The revenue growth came from the increased adoption of Merimen's SaaS solutions for both claim management and policy administration by Southeast Asian insurance companies. During the year, Merimen grew its ASEAN presence by establishing new offices in Bangkok, Manila and Ho Chi Minh. Following the geographical expansion of business activities, nearly 10 insurers have adopted Merimen's solutions in Thailand, Philippines and Vietnam.

Going forward, Merimen will continue its expansion in Asia through close collaboration with insurers and setting up offices in new countries to support these insurers. In addition to geographical expansion, Merimen will also be broadening its product offerings to include services such as analytics solution.

#### CREDIT AND CARDS PROCESSING

The credit and cards processing business, undertaken by Silverlake Japan, focuses on providing full scale processing of a wide range of credit cards and other credit products on an outsourcing basis. This service is offered to Japanese card issuers in Japan and banks providing remote service for Japan and Japanese card issuers in Asia.

Revenue contribution from Silverlake Japan increased from JPY469.6 million to JPY576.0 million in FY2016 due to more enhancement contracts secured from a major customer as part of its group operational synergy initiative and an upgraded contract by an existing customer in FY2016, as well as the appreciation of Japanese Yen against Ringgit Malaysia.

#### SALE OF SOFTWARE AND HARDWARE PRODUCTS

The software and hardware products business focuses on providing integrated business solutions to customers who require bundled solutions to meet their software and hardware needs. The Group is an authorised reseller of IBM hardware in Malaysia.

In FY2016, revenue from sale of software and hardware products increased 169% to RM16.7 million. During the financial year, the Group recorded two large sales of hardware products related to software implementation services contracts in Brunei as well as two major hardware upgrades by customers in Malaysia.



## Board of Directors



### Seated (left to right)

○ Goh Shiou Ling  
Goh Peng Ooi  
Dr. Kwong Yong Sin

### Standing (left to right)

○ Ong Kian Min  
Datuk Sulaiman bin Daud  
Lim Kok Min  
Tan Sri Dato' Dr. Lin See Yan  
Datuk Yvonne Chia  
Tan Sri Dato' Dr. Mohd Murni bin Abdul Majid

## Board of Directors (cont'd)



### GOH PENG OOI

Group Executive Chairman  
Member of Nominating Committee

First appointment as a director: 23 August 2002  
Last re-election as a director: 25 October 2013  
Due for re-election as a director: 27 October 2016

Mr. Goh was appointed Group Executive Chairman on 23 May 2006. Prior to that, he was Non-Executive Chairman since 2002.

Mr. Goh founded Silverlake in 1989, and through his foresight on the future of technology demands of the Banking industry, he has built Silverlake Group to be a leading provider of state-of-the-art universal banking solutions, with presence in over 20 countries across Asia Pacific, Middle East and Africa. Through Mr. Goh's vision, the Group has won various significant awards throughout the past 26 years including Forbes' Best Under A Billion (2015), The Asian Banker Vendor Satisfaction Survey Gold Award 2014, Forbes Asia's "Best Under A Billion – Best of the Best" Award in 2013, and industry recognitions including the various IBM awards.

In recognition of his entrepreneurial excellence, Mr. Goh was bestowed the Ernst & Young Entrepreneur of the Year Malaysia Award twice – the Technology Entrepreneur of the Year Malaysia in 2005; and more recently the Master Entrepreneur of the Year Malaysia Award in 2014. In 2015, he was conferred a Lifetime Achievement Award for Excellence in Information Technology by the World Chinese Economic Summit.

Aside from his professional achievements, Mr. Goh is very much involved in academics – particularly in Science and Mathematics. He is particularly interested in the research of the Science of Intelligence and its application to Human Actions and Economy,

and where possible enjoys giving talks in various schools of higher learning. Over the years, Mr. Goh has worked on and perfected his own research which he refers to as "Goh Mathematical Social Economy (Goh MSE) Theory", the basis in which the Silverlake Group is founded upon.

Mr. Goh is a Fellow of the Academy of Sciences Malaysia, a Fellow of the ASEAN Academy of Engineering and Technology (AAET), a Member of the ASM Science and Technology and Industry Linkage Committee, an adviser of the ACCCIM Science, Technology and Innovations Committee, sits on the Board of Governors for IACT College Malaysia and is an Industry Advisor of the Faculty of Engineering and Science in Universiti Tunku Abdul Rahman as well as part of the Leading Thinkers Group in Universiti Sains Malaysia and a Member of the Board of Governors of First City University College.

Prior to forming Silverlake Group, Mr. Goh worked with IBM Malaysia. He held several senior positions over his 9 years career at IBM, his last being Marketing Manager for Banking and Finance Industry. He obtained his Bachelor of Engineering (Major in Electronics) at the University of Tokyo on a Mombusho Scholarship in 1980.

Mr. Goh currently holds directorships in a number of his private investment companies. He does not hold any directorships in other listed companies.

## Board of Directors (cont'd)

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### DR. KWONG YONG SIN

Chief Executive Officer & Group Managing Director

First appointment as a director: 20 August 2004

Dr. Kwong was appointed Group Managing Director on 1 November 2005. Prior to that, he was a Non-Executive Director from 20 August 2004.

Dr. Kwong was the Managing Director of Silverlake Corporation and Connectif Commerce Sdn Bhd (both were under Silverlake Group) from 2001 to December 2003 and October 2005, respectively, where he led the successful implementation of several key SIBS customer transformation projects. Prior to joining the Silverlake Group, he was a Partner/Vice President of Ernst & Young Global Consulting and Cap Gemini Ernst & Young for 11 years from 1989 to 2000. He was the Senior Manager and Head of IT Consulting for Coopers & Lybrand (South East Asia) from 1984 to 1989. He started his professional career as a Senior Systems Analyst for Pacific Power (Australia) from 1979 to 1983.

Dr. Kwong has over 35 years of experience in Information Technology, Business Transformation and Solution Implementation in Financial Services, Utilities and Technology Industries. He has a Bachelor of Commerce (Honours) from the University of New South Wales (Australia) and Ph.D in Information Systems. He is a Certified Practising Accountant (Australia).

He was appointed the Non-Executive Director of Global InfoTech Co. Ltd., an associate company of Silverlake Axis Ltd on 7 August 2008. He was also appointed the Non-Executive Director of Finzsoft Solutions Limited, an associate company of Silverlake Axis Ltd on 20 April 2015. Finzsoft Solutions Limited is listed on the New Zealand Stock Exchange and Global InfoTech Co. Ltd. is listed on the Shenzhen Stock Exchange.



### ONG KIAN MIN

Independent Non-Executive Director

Chairman of Audit Committee

Chairman of Nominating Committee

Member of Remuneration Committee

First appointment as a director: 9 January 2003

Last re-election as a director: 27 October 2014

Due for re-election as a director: 27 October 2016

Mr. Ong was called to the Bar of England and Wales in 1988, and to the Singapore Bar the following year. In his more than 20 years of legal practice, he focused on corporate and commercial law, such as mergers and acquisitions, joint ventures, IPOs and corporate finance. Mr. Ong was awarded the President's Scholarship and Singapore Police Force Scholarship in 1979, and holds a Bachelor of Laws (Honours) external degree from the University of London and a Bachelor of Science (Honours) degree from the Imperial College of Science & Technology in England. Mr. Ong was an elected Member of the Singapore Parliament from 1997 to 2011.

In addition to practicing as consultant with Drew & Napier LLC, a Singapore law firm, Mr. Ong is also a senior advisor with Alpha Advisory Pte. Ltd., an independent financial and corporate advisory firm. He is also Non-Executive Chairman of Hupsteel Limited and independent Non-Executive Director of BreadTalk Group Limited, Food Empire Holdings Limited, GMG Global Ltd, Jaya Holdings Limited, OUE Hospitality REIT Management Pte Ltd and Penguin International Ltd.



## Board of Directors (cont'd)



### TAN SRI DATO' DR. LIN SEE YAN

#### Independent Non-Executive Director

Chairman of Remuneration Committee

Member of Audit Committee

Member of Nominating Committee

First appointment as a director: 9 January 2003

Last re-election as a director: 26 October 2015

Tan Sri Dato' Dr. Lin is currently an independent strategic and financial consultant. Prior to 1998, he was Chairman and Chief Executive Officer of the Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia (Central Bank of Malaysia). Tan Sri Dato' Dr. Lin was previously an independent Non-Executive Director of JobStreet Corporation Berhad and Top Glove Corporation Berhad. Tan Sri Dato' Dr. Lin is a British Chartered Scientist and a UK Chartered Statistician. He holds 3 post-graduate degrees from Harvard University (including a Ph.D in Economics) where he was a Mason Fellow and Ford Scholar. He is an Eisenhower Fellow and Fellow of the IMF Institute in Washington D.C., the Royal Statistical Society in London, the Institute of Bankers Malaysia, the Malaysia Insurance Institute, the Malaysian Institute of Management, and the Malaysia Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies in Malaysia.

Tan Sri Dato' Dr. Lin is currently a member of the Prime Minister's Economic Council Working Group, Member, Competition Appeal Tribunal, key Steering Committees at the Ministry of Higher Education and Governor of the Asian Institute of Management in Manila as well as Director of Monash University Malaysia Sdn Bhd and of Sunway University. He sits on the Boards of Ancom Berhad, Genting Berhad, Wah Seong Corporation Berhad, IGB REIT Management Sdn Bhd, Sunway Berhad and a number of private companies in Malaysia, Singapore and Indonesia. He is Chairman Emeritus of Harvard University's Graduate School Alumni Association Council in Cambridge (USA) and President of the Harvard Club of Malaysia. He is also Pro-Chancellor & Research Professor at Sunway University, Pro-Chancellor of Universiti Teknologi Malaysia, and Professor of Economics (Adjunct) at Universiti Utara.



### LIM KOK MIN

#### Independent Non-Executive Director

Member of Audit Committee

Member of Remuneration Committee

Member of Nominating Committee

First appointment as a director: 15 June 2006

Last re-election as a director: 26 October 2015

Mr. Lim has more than 45 years of extensive senior management and over 30 years of board experience in the Asia-Pacific region. Mr. Lim is an Economics Honours graduate from University of Malaya. He is the immediate past Chairman of Gas Supply Pte Ltd, the Singapore Institute of Directors, Senoko Power Ltd and a former Chairman of Building and Construction Authority. He was the Executive Deputy Chairman of LMA International NV until end of December 2010, Deputy Chairman of NTUC FairPrice Cooperative until end of September 2011 and Vice Chairman of the Singapore Institute of Management until May 2012. He was previously Managing Director of Pan-United Corporation Limited, JC-MPH Ltd and Chief Executive Officer of Cold Storage Holding Limited. Mr. Lim was previously an independent Non-Executive Director of Boustead Singapore Ltd.

He was also a former member of the Securities Industry Council, the Corporate Governance Council, and a former director/Council Member of both the Singapore International Chamber of Commerce and the Singapore Confederation of Industries. He is the past Chairman of the OECD Asian Network on Corporate Governance for State Owned Enterprises and was a member of the Singapore Companies Act Review Committee.

Mr. Lim is currently the Chairman and a member of the Audit Committee of IREIT Global Group Pte Ltd. He is also the Chairman of Boustead Projects Ltd, Chairman of its Nominating Committee and a member of its Audit Committee. He sits on the board of two private companies.

## Board of Directors (cont'd)



### DATUK SULAIMAN BIN DAUD

**Non-Executive Director**

Member of Nominating Committee

First appointment as a director: 9 January 2003

Last re-election as a director: 27 October 2014

Due for re-election as a director: 27 October 2016

Datuk Sulaiman started his career with Malaysian Tobacco Company Berhad (now British American Tobacco Company Berhad) in 1968 and was the Deputy Chief Executive/Executive Director when he left in 1992. He was a Director of the Agricultural Bank of Malaysia for 2 years and later became the Chairman for the bank for 8 years. Under his stewardship, the Bank was transformed into a corporatised entity, today known as AGRO Bank. He was the Chairman of Ranhill Power Berhad, Director of Pharmaniaga Berhad and Malaysia Nasional Insurance Berhad. He has served on the board of Universiti Putra Malaysia. He has also served as Director of Universiti Malaysia Sabah Link Holdings Berhad and Chairman of its Agro subsidiary. Datuk Sulaiman was previously an independent Non-Executive Director of Tadmax Resources Berhad. Datuk Sulaiman has a

Diploma in Agriculture from Universiti Putra Malaysia and Master of Business Administration from IMC Buckingham, United Kingdom. He is also an Advanced Management Graduate of Stanford-Insead in Fontainebleau, France.

Datuk Sulaiman is currently the Chairman, member of Audit Committee and Chairman of Nomination Committee of Malaysia Packaging Industry Berhad. He is a Director, Chairman of Audit Committee as well as Chairman of Nomination and Remuneration Committee of Konsortium Transnasional Berhad. He is also Chairman and Director of a number of private companies in Malaysia and abroad in various industries. He now spends a considerable part of his time seeking and developing business prospects in Asean and the Middle East.



### TAN SRI DATO' DR. MOHD MUNIR BIN ABDUL MAJID

**Independent Non-Executive Director**

Member of Audit Committee

Member of Nominating Committee

First appointment as a director: 1 June 2015

Last re-election as a director: 26 October 2015

Tan Sri Dr. Munir returned from his studies and work experience in the UK as a university tutor and research analyst in the City of London at the end of 1978, and started work in Malaysia as leader writer for the New Straits Times. He progressed to the position of Group Editor before leaving in 1986 to become Chief Executive Officer of a small merchant bank Pertanian Baring Sanwa, whose name he changed to Commerce International Merchant Bankers (CIMB), which was then transformed into one of Malaysia's leading merchant banks. In 1993, he was invited by the Government of Malaysia to establish the Securities Commission, where he served as founding Executive Chairman for two terms until 1999. He was instrumental in shaping the legal and regulatory framework of the capital markets in Malaysia, particularly in establishing disclosure-based regulation. He was also responsible for drafting the country's first code of corporate governance in the aftermath of the Asian Financial Crisis of 1997-98. He was the Chairman of the Emerging Markets Committee of the International Organisation of Securities Commissions during his term at Malaysia's Securities Commission. After leaving the Securities Commission, he became Independent Non-Executive Director of

Telekom Malaysia Berhad, Chairman of Celcom (Malaysia) Berhad and Non-Executive Chairman of Malaysian Airline System Berhad. He was Founder President of the Kuala Lumpur Business Club, established in 2003 and is a member of the Court of Fellows of the Malaysian Institute of Management. He is currently Chairman respectively of Bank Muamalat Malaysia Berhad, of CIMB Asean Research Institute and of the Asean Business Advisory Council, Malaysia, as well as President of the Asean Business Club. He also sits on the board of the Institute of Strategic and International Studies (ISIS) Malaysia and on the Financial Services Talent Council of Bank Negara Malaysia. He writes a fortnightly column, in the Saturday BizStar section of The Star newspaper.

Tan Sri Dr. Munir obtained a B.Sc (Econ) and Ph.D in international relations from the London School of Economic and Political Science (LSE) in 1971 and 1978. He is an Honorary Fellow of LSE and continues the long association with his alma mater as Visiting Senior Fellow at the Centre of International affairs, Diplomacy and Strategy.

## Board of Directors (cont'd)



### DATUK YVONNE CHIA

**Independent Non-Executive Director**

Member of Remuneration Committee

Member of Nominating Committee

First appointment as a director: 1 June 2015

Last re-election as a director: 26 October 2015

Datuk Yvonne Chia has over 30 years' experience in the financial services industry, having held leading positions in both foreign and local banks in the region. She started her career in Bank of America and has held various management roles in Asia. Until June 2013, she was the Group Managing Director/Chief Executive of Hong Leong Bank Berhad (2003-2013) with offices in China, Vietnam, Hong Kong and Singapore as well as Chief Executive of RHB Bank Berhad (1996-2002). She holds a Bachelor of Economics (Honours) from University Malaya. She is a Fellow Chartered Banker and a Fellow of Asian Institute of Chartered Bankers.

Datuk Yvonne Chia is currently a Director of Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq Berhad, Non-Executive Independent Director of Astro Malaysia Holdings Berhad and Shell Refining Company (Federation of Malaya) Berhad (listed on Bursa Malaysia Berhad). As well she is on the Board of Trustees for Pemandu Corporation, Prime Minister's Office and a Trustee for Teach for Malaysia. She is also Director of a number of private companies in Malaysia.



### GOH SHIOU LING

**Non-Executive Director**

Member of Nominating Committee

First appointment as a director: 1 June 2015

Last re-election as a director: 26 October 2015

Ms. Goh spent 12 years in the United States and returned to join the Silverlake Private Entities in 2014.

In her current role in Silverlake Private Entities, Ms. Goh participates in the evaluation of investment opportunities as well as in a wide range of corporate initiatives and has todate contributed to the strategic new acquisitions to enhance the Silverlake Private Entities' Digital Economy offerings. She is also spearheading several corporate initiatives focusing on growth and value creation in the Silverlake Private Entities.

Prior to Silverlake, Ms. Goh worked at Cornerstone Research, a leading U.S. based economic consulting firm which provides analytical support and expert testimony in complex litigation and regulatory proceedings. As an economic consultant, she analysed litigation

cases involving market manipulation in the Financial Services, Energy and Commodities sectors. She also conducted investment decisions analysis involving complex foreign tax, auction rate securities and mortgage backed securities. The analysis produced were used to backup testifying experts' reports for large litigation cases involving class-action lawsuits, U.S. Futures Commodity Trading Commission, Securities Exchange Commission and Department of Justice.

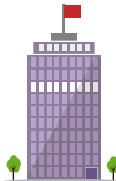
Ms. Goh graduated from Duke University in 2010 and holds a Bachelor Degree in Economics and Mathematics (Dean's List).

Ms. Goh currently holds directorships in a number of private companies. She does not hold any directorships in other listed companies.

# Silverlake Axis is paving the way for pivotal fintech innovations while changing the way business is done today.

## Retail

In a world disrupted by internet and mobile technologies, the e-commerce industry is poised to generate a significant amount of revenue within the next 5 years. Due to this, there is a trajectory of new e-commerce businesses and the need for integrated mobile payments, billing services, and capital investment is higher than ever. Silverlake Axis' technologies powered the Growth Accelerator Exchange (GAX), which seeks to meet the needs of ASEAN businesses through fresh fintech solutions like P2P lending and payments.



## Government

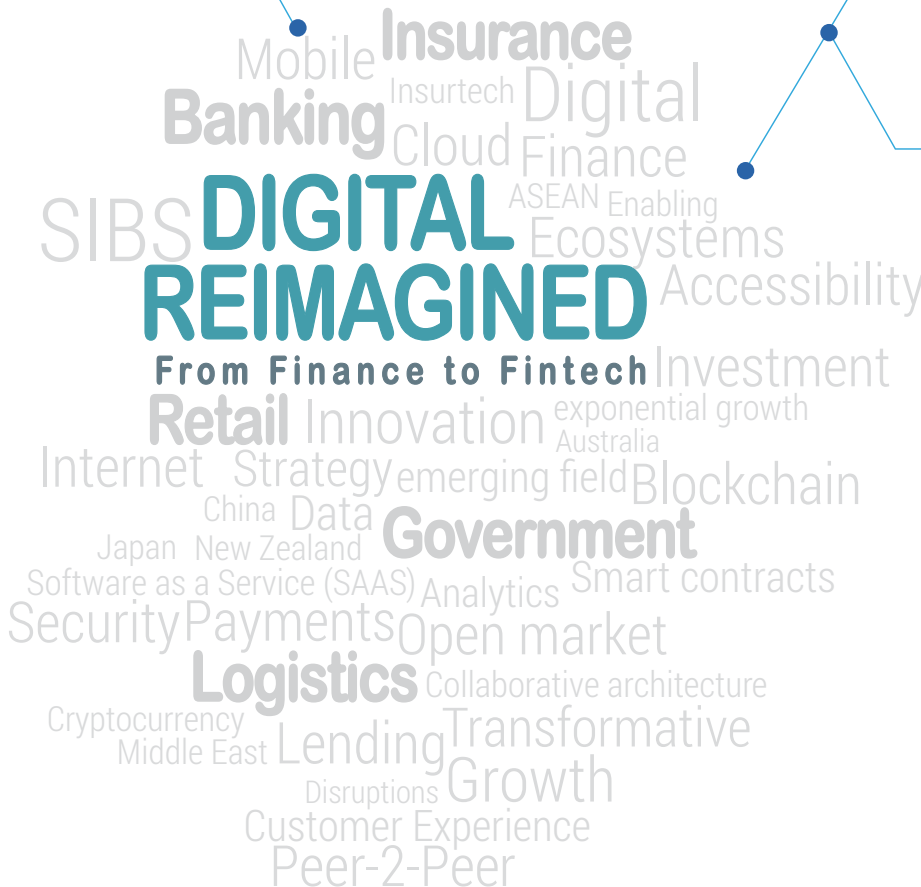
Fintech's potential hasn't gone unnoticed by governments worldwide. Fintech companies are increasingly welcomed into local startup scenes and challenged to solve country-specific problems. To encourage its development, governments are partnering with fintech startups and forming accelerator programs which focus on product development and funding.

## Logistics

Technological innovations are dramatically changing how entities within logistics function in nearly every aspect. Bulky manual processes like transportation management become more efficient through the adoption of web and cloud-based software, while the use of blockchain in trade finance secures sensitive data and helps to prevent fraudulent transactions. Silverlake Axis Collaborative Architecture allows technological adaptation which addresses industry needs, resulting in faster and safer logistics operations.

## Banking

From safeguarding the savings of ordinary people to financing the world's largest corporations, banks remain an essential component of the modern world. The Silverlake Axis Integrated Banking Solution (SIBS) has enabled leading financial institutions to transform their banking business and operations for the past 27 years. Using its agile and adaptive capabilities anchored on secure and sound banking practices, Silverlake Axis has already placed SIBS into the fintech ecosystem and brought traditional banking into this new era.



## Insurance

Insurtech is the next frontier for fintech. Aiming to revitalise the industry, it presents solutions to some of the industry's most stubborn problems in claims processing, data analytics, and fraud detection. Our innovative insurance solution is delivered via Merimen's Software as a Service (SaaS) platform and provides collaborative information exchange while continuing to prioritise security and minimise fraud. The service runs a cloud-based, end-to-end platform that communicates, transacts, and manages insurance claims, policy sales, and administration.



# Management Team



## Management Team (cont'd)



1. Goh Peng Ooi  
(Group Executive Chairman)
2. Dr. Kwong Yong Sin  
(Group Managing Director)
3. Wong Yok Koon
4. Mary Yau Siew Moi
5. Tan Soo Cheng
6. Hoong Lai Ling
7. Jean Aw Peng Mei
8. Fabian Lum Wai Kit
9. Lee Cheen Siong
10. Hidetoshi Neda
11. Yew Yee Ming
12. Tok Meng Geok
13. Trevor Lok Theng Hey
14. Sua Shii Huey
15. Shieh Yee Bing
16. Jonathan Craig Parkes
17. Kesavan Nagaian

## Management Team (cont'd)

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### WONG YOK KOON

Senior EVP, SIBS Core Solutions

As one of the Group's pioneer employees, Ms. Wong has been invaluable in driving the growth of the Group's core banking solutions portfolio. With over 27 years of experience, she is responsible for the core product development of Silverlake Axis Integrated Banking Solution (SIBS), particularly in cards and payments. She continues to work with customers in their digital economy transformation and assists their deployment at major local and regional financial institutions.

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### MARY YAU SIEW MOI

Senior EVP, SIBS Core Solutions

Ms. Yau is one of the Group's longest serving employees and has been a key driver in the Group's development over the past 27 years. She has improved and enriched the capabilities of the core banking solution portfolio, particularly in lending solutions. Ms. Yau currently works collaboratively with other entities within the Group to offer digital transformation propositions to customers while continuing to be responsible for core product development of Silverlake Axis Integrated Banking Solution (SIBS).

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### TAN SOO CHENG

Senior EVP, Structured Services

Ms. Tan joined the Group in 2016 and took over the responsibilities of the Silverlake Axis Integrated Banking Solution (SIBS) Application Maintenance and Enhancement business from her predecessor who retired. Prior to assuming this role, Ms. Tan was a Director in the Silverlake Private Entities in charge of Program/Project Management, Strategic Planning and Business Process Transformation. Her 28 years of Financial Services Industry experience includes previous roles such as Senior Manager in Cap Gemini Ernst & Young, Malaysia and Manager in Commonwealth Bank, Australia. Ms. Tan holds a Bachelor of Science in Computing and Economics along with a Graduate Diploma in Information Technology from Monash University, Australia.

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### HOONG LAI LING

Senior EVP, Administration and Finance

Ms. Hoong is responsible for the Group's financial and administrative functions. A qualified accountant from the Malaysian Institute of Certified Public Accountants, she was trained in Pricewaterhouse Malaysia and currently has 25 years of experience in auditing and financial management positions. Before her current role, she served as an accountant at Silverlake System from 1996 to 2002. She is also a member of the Malaysian Institute of Accountants.

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### JEAN AW PENG MEI

Senior EVP, Group Organisation, Strategy & Synergy

Ms. Aw works with the CEO & Group MD on corporate strategies and priorities. In this new role, she supports the organisation overall planning process, orchestrates change and drives execution of Group strategy and synergy initiatives. She previously served as Senior EVP Digital Enterprise Solution since joining the Group in 2014. Ms. Aw has 27 years of experience in business and technology transformation of a number of global, regional and local banks. Prior to her current role, she was Vice President at OCBC Bank and was previously Director at Ernst & Young Advisory Services. She is a Computer Science graduate from the Royal Melbourne Institute of Technology, Australia.

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### FABIAN LUM WAI KIT

Senior EVP, Digital Financial Services

Mr. Lum has 19 years of financial services experience that spans multiple areas including wealth management products, digital marketing, and core banking leadership roles. Since joining the Group in 2015, he has been responsible for driving digital financial services in insurance, banking and payments, and chart collaborations while harnessing new platforms and digital disruptions. Mr. Lum spent 18 years running multiple leadership roles in OCBC Bank Singapore, and started his career in marketing with Procter & Gamble. He has a Masters of Business Administration and a Bachelor's degree in Economics and Mass Communication from the National University of Singapore.



## Management Team (cont'd)

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### LEE CHEEN SIONG

EVP, SIBS Channel Solutions

Since joining the Group in 1995, Mr. Lee has focused on the development and implementation of Branch Delivery and Channels Solutions at major local and regional financial institutions. His current emphasis is to empower mobility in the SIBS channel solutions by concentrating on product development. He was appointed EVP in June 2012, and has 20 years of experience in the banking software industry. Prior to his current role, Mr. Lee was the country manager for Silverlake Axis in Beijing, China. He graduated with an Information Systems degree from Campbell University, Malaysia.

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### HIDETOSHI NEDA

Managing Director, Silverlake Japan

The growth and expansion of Silverlake Axis Group's business in Japan has been Mr. Neda's responsibility since he joined the Group in 2009. In his 25 years of experience in the Credit Card and Retail Banking industries, he played a lead role in the Japan credit card market by developing new credit card products, payment products and services. These business products were successfully implemented in MasterCard, Citibank N.A., Shinsei Bank, Tokyo Star Bank and SBI Group. He holds a Law degree from Hokkaido University, Japan.

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### YEW YEE MING

Senior EVP, QR Retail Automation

With 26 years of experience in the retail industry covering software development, implementation, retail industry application, consulting and more, Mr. Yew has contributed immensely to the Group since joining in 1995. He drove the implementation of the QR Retail Automation solution "PROFIT" across China, Taiwan, Singapore, Vietnam, Cambodia, Indonesia and Philippines. Mr. Yew is currently the senior executive in charge of projects and consulting, along with business development with large ASEAN retail groups. He began his career in retail as an analyst programmer at the Parkson Corporation, Malaysia with his qualification in Computer Studies.

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### TOK MENG GEOK

Senior EVP, Symmetric Payments & Integration

Ms. Tok is the key person in charge of the design and development of Symmetric Payments & Integration's solutions and roadmap. She is also responsible for project services operations to deliver new systems as well as to maintain and enhance the installed systems at customer sites. Her career of 27 years spans across banking technologies, system integration and solutions implementation at various regional and domestic banks. She graduated with a Bachelor of Science (Computer Science) degree from the National University of Singapore.

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### TREVOR LOK THENG HEY

Senior EVP & Chief Executive Officer, Merimen Group

As one of the earliest employees of Merimen, Mr. Lok has played an instrumental role in its early success. His present responsibilities include overseeing the overall strategy and operations of Merimen's business while continuing to lead its business development and expansion. He dynamically led the development of Merimen's insurance policy solutions before he assumed his current role in 2013. He has over 14 years of experience in the insurance solutions and services industry. He holds the Highest Honors Degree in Physics and Mathematics from the University of Texas at Austin, USA. He was a Research Fellow at Princeton University, USA and a Physics Doctoral Candidate and Research Fellow at Caltech, USA.

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### SUA SHII HUEY

Senior EVP, Cyber Village

With more than 20 years of business development and project management experience under her belt, Ms. Sua is one of Cyber Village's founding employees. She specialises in e-commerce implementations and managing small to large enterprise scale e-business projects. Before joining Cyber Village, Ms. Sua was part of the team which set up the first image bank/stock photo company in Malaysia, Ultra Dimension. She successfully collaborated with stock photo agencies in Singapore, Hong Kong and China. She has a Bachelor Degree in Information Technology from Charles Sturt University, Australia.

## Management Team (cont'd)

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### SHIEH YEE BING

Senior EVP, Cyber Village

At Cyber Village since 2000, Ms. Shieh focuses on large enterprise scale projects and the development of key banking accounts. She also leads product development with a special emphasis on portal and internet mobile financial self-service solutions while continuing to manage Cyber Village's day to day operations. Ms. Shieh's career spans 20 years, and she has experience in e-business projects across financial services, logistics, and education industries. She holds a Bachelor of Arts (Hons) from the National University of Singapore.

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### JONATHAN CRAIG PARKES

Senior EVP, Silverlake Symmetri

In the Group's recently acquired business, Mr. Parkes is responsible for the overall growth and ongoing operations of Silverlake Symmetri. He also heads the Global Sales as well as the EMEA operations. Craig has extensive experience working with regional and global banks in Europe to build technology driven retail banking strategies while helping customers optimise efficiency and increase profitability. During his 25 years career, he had successful association as Senior Director, Account Management at SunGard, as Business Development Manager at Misys, as Client Services Director at Temenos UK Ltd and as dealer at Bank Hapoalim.

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### KESAVAN NAGAIAN

Senior EVP, Silverlake Symmetri

Mr. Nagaian heads Silverlake Symmetri's Core Banking and Channels business. He brings invaluable experience to the Group having spent over 12 years in pre-sales, client services, professional services and product development in SunGard retail banking business. In his current role, he is also responsible for driving product innovation and delivering value to customers in Digital Financial Technology. With more than 3 decades of banking industry experience across Asia and EMEA, Mr. Nagaian brings a great depth of technical skills and management capabilities. He holds a Master's Degree in Business Administration and Master's Degree in Econometrics from University of Madras, India.



# Corporate Governance Statement

The Board of Directors of Silverlake Axis Ltd (the “Company”) (the “Board”) recognises the importance of good corporate governance in ensuring greater transparency, protecting the interests of its shareholders as well as strengthening investors’ confidence in its management and financial reporting and is committed to maintaining a high standard of corporate governance within the Company and its subsidiaries (the “Group”). Processes and procedures have been instituted and are being constantly reviewed and revised to ensure effective corporate governance.

This report outlines the Company’s corporate governance practices that were in place during the FY2016. The Board is pleased to report that the Company has complied with the principles and guidelines as set out in the Code of Corporate Governance 2012 (the “Code”) and Mainboard Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Listing Manual”) except where otherwise stated.

## BOARD MATTERS

### Principle 1: The Board’s Conduct of Affairs

**Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.**

#### **Guideline 1.1: Board’s Role**

The primary function of the Board is to protect and enhance long-term shareholders’ value. It provides entrepreneurial leadership, sets overall directions, strategies, values and standards for the Group, monitors the effectiveness of the Group’s risk management framework, and monitors and reviews the performance of the Group, to ensure the Group’s strategies and affairs are in the interests of the Company and its stakeholders.

#### **Guideline 1.2: Directors’ Duties and Responsibilities**

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement at all times in ensuring that their decisions are objective and in the best interests of the Company.

#### **Guideline 1.3: Delegation by the Board**

To facilitate the Board in the execution of its duties and to enhance the effectiveness of the Board, the Board delegates authority to the Audit Committee (“AC”), Remuneration Committee (“RC”) and Nominating Committee (“NC”), without abdicating its responsibility. Each Board Committee has written Terms of Reference, which clearly set out its authority and duties.

#### **Guideline 1.4: Directors’ Attendance at Board Committee Meetings**

The Board meets regularly throughout the year on a quarterly basis and additional meetings are convened as and when necessary. In lieu of physical meetings, written resolutions are circulated for approval by the Directors. The Company’s Bye-Law allows Board meetings to be conducted by way of teleconferencing. The number of Board meetings held in the financial year and the attendance of Directors at the meetings are as follows:

Name	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Goh Peng Ooi	5	5	-	-	-	-	1	1
Dr. Kwong Yong Sin	5	5	-	-	-	-	-	-
Ong Kian Min	5	5	5	5	1	1	1	1
Tan Sri Dato’ Dr. Lin See Yan	5	5	5	5	1	1	1	1

## Corporate Governance Statement (cont'd)

### Principle 1: The Board's Conduct of Affairs (cont'd)

#### **Guideline 1.4: Directors' Attendance at Board Committee Meetings (cont'd)**

The number of Board meetings held in the financial year and the attendance of Directors at the meetings are as follows: (cont'd)

Name	Board of Directors		Audit Committee		Remuneration Committee		Nominating Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Kok Min	5	5	5	5	1	1	1	1
Datuk Sulaiman bin Daud	5	5	-	-	-	-	1	1
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	5	5	5	5	-	-	1	1
Datuk Yvonne Chia	5	5	-	-	1	1	1	1
Goh Shiou Ling	5	5	-	-	-	-	1	1

#### **Guideline 1.5: Reserved Matters**

The Board's approval is required for matters such as strategic plans, annual budgets and performance reviews, financial plans, major investments or divestments and funding proposals, major corporate policies on key areas of operations, share issuance, dividends and other returns to shareholders and issuance of debt instruments or acceptance of credit facilities from banks. The Board also approves financial results for release to the SGX-ST and the annual report and audited financial statements. In addition, the Board's approval is required for transactions exceeding the threshold limits delegated to Management.

#### **Guidelines 1.6 and 1.7: Induction and Training of Directors**

Newly appointed directors are provided with formal letter setting out the director's duties and responsibilities and are briefed by the key management on the Group's business, strategic direction and policies and governance practices. Site visits to the Group's properties and events are also arranged for all Directors, to enable them to continue to familiarise themselves with the Group's operations and fulfill their roles as Board members and Committee members effectively.

All Directors are updated regularly on changes in relevant regulations and updates on industry trends and issues. In addition, Directors are updated regularly on trainings available in areas such as finance, legal and governance. The Company is responsible for the arrangement and funding of these trainings. During the financial year, trainings attended by Directors include, among others, the "On Enron, Entanglement and Enlightenment" and "Annual Directors' Conference - Boards and Innovation" organised by the Singapore Institute of Directors and other trainings organised by various professional bodies and organisations like "Lead the Change - Women on Boards" and "Asean Business Forum".

### Principle 2: Board Composition and Guidance

**There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.**

#### **Guidelines 2.1 and 2.2: Board Independence**

The NC reviews the independence of each Independent Director annually and as and when required. An Independent Director is one who has no relationship with the Company, its related companies, its 10% shareholders (as defined in the Code) or its officers that can interfere, or be reasonably perceived to interfere with the exercise of the Director's independent business judgement to the best interests of the Company.

## Corporate Governance Statement (cont'd)

### Principle 2: Board Composition and Guidance (cont'd)

#### **Guidelines 2.1 and 2.2: Board Independence (cont'd)**

There is a strong element of independence in the Board. The Board comprises nine members, of which two are Executive Directors, two Non-Executive Directors and five Independent Non-Executive Directors. The NC is of the view that the Company exceeds the Code's requirement of at least half of the Board to comprise Independent Directors where the Chairman is not an Independent Director.

#### **Guideline 2.3: Independence of Directors**

The NC, in its deliberation as to the independence of a Director, takes into account examples of relationships as set out in the Code, considers whether a Director has business relationships with the Group, and if so, whether such relationships could affect, or could appear to affect, the Director's independent judgements. No NC member is involved in the deliberation in respect of his/her independence.

The NC has assessed the independence of Mr. Ong Kian Min, Tan Sri Dato' Dr. Lin See Yan, Mr. Lim Kok Min, Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid and Datuk Yvonne Chia, and is satisfied that there is no relationship or other factors such as gifts or financial assistance, past association, business dealings, representative of shareholder, financial dependence, relationship with the Group or the Group's management which would impair their independent judgement.

#### **Guideline 2.4: Independence of Directors who have served on the Board beyond Nine Years**

The Board also recognises that the Independent Directors may over time develop significant insights in the Group's business, and can continue to provide significant and valuable contribution objectively to the Board. When there are such Directors, the Board rigorously reviews their continuing contribution and independence of character and judgement in discharging their duties objectively.

The NC and Board have reviewed and determined that the three Directors, Mr. Ong Kian Min, Tan Sri Dato' Dr. Lin See Yan and Mr. Lim Kok Min, who have served as Independent Non-Executive Directors of the Company for more than nine years from their respective date of first appointment to the Board, continue to be considered as Independent Directors. The Board concurred with the NC that they remained independent, professional and objective in discharging their respective Board and Board Committees responsibilities, notwithstanding their tenure of service. Further, they consistently exercise independent judgement in the best interests of the Company when discharging their Director's responsibilities and duties and should be deemed independent.

#### **Guidelines 2.5 and 2.6: Board Size, Composition and Competency**

The NC regularly reviews the size and composition of the Board and Board Committees and the skills and core competencies of the Board members to ensure an appropriate balance of skills, experience and knowledge of the Board. The Board considers that its current Directors represent a mix of industry knowledge, business network, extensive business and management experience and gender, and collectively possess the necessary core competencies areas such as accounting and finance, legal, strategic planning, business and management experience. The Executive Directors are expert in the IT industry while four Non-Executive Directors have vast experience in the banking industry.

The Board is of the view that taking into account the nature and scope of the Company's operations, the current board size of nine Directors is appropriate. The Board believes that the current composition and size provides sufficient diversity without interfering with efficient decision making.

Details of the Directors' qualifications, background and working experience, current and past three years principal directorships and chairmanships and other principal commitments are set out under the Board of Directors' profile section of this annual report.

To-date, none of the Independent Directors of the Company has been appointed as a Director of the Company's principal subsidiaries. The Board is of the view that the current Board structure in the principal subsidiaries is well organised and constituted. The Board and Management will from time to time review the board structure of the principal subsidiaries and will make appropriate changes when required, including the appointment of independent directors to the board of such principal subsidiaries.

#### **Guidelines 2.7 and 2.8: Role of Non-Executive Directors**

The Non-Executive Directors participate actively in the Board and Board Committees. They constructively challenge and help to develop proposals on strategy and review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. To facilitate a more effective check on Management, they are encouraged to meet regularly without the presence of Management. They have independent access to Management.

## Corporate Governance Statement (cont'd)

### Principle 3: Role of Chairman and Managing Director

**There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.**

#### ***Guidelines 3.1 and 3.2: Chairman and Managing Director***

Mr. Goh Peng Ooi is the Group's Executive Chairman and Dr. Kwong Yong Sin is the Group's Managing Director. The respective roles of Chairman and Managing Director are kept separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making.

The Chairman assumes responsibility for the management of the Board while the Managing Director takes responsibility for the implementation of Board decisions and for all operational matters in the Group. The Chairman provides leadership to the Board. He sets the meeting agenda in consultation with the Managing Director and ensures that Directors are provided with accurate, timely and clear information, promotes a culture of openness and debate at the Board as well as to ensure effective communication with the shareholders. In addition, the Chairman encourages constructive relations within the Board and between the Board and Management to facilitate the effective contribution of Non-Executive Directors in particular in order to promote high standards of corporate governance.

Mr. Goh and Dr. Kwong are not related.

#### ***Guidelines 3.3 and 3.4: Lead Independent Director***

The Board is of the view that the separation of the role of the Chairman and that of the Managing Director and the chairing of the AC, NC and RC by Independent Directors ensures sufficient balance of power and authority in the Board. The Board is therefore of the view that, although the Chairman and the Managing Director are both part of Management, it is currently not necessary at present to appoint a lead independent director as the Independent Directors, who form half the Board, are able to ensure objectivity and independence in the Board's deliberations and decisions.

### Principle 4: Board Membership

**There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.**

#### ***Guideline 4.1: NC Membership and Key Terms of Reference***

The NC comprises Mr. Ong Kian Min, Mr. Goh Peng Ooi, Datuk Sulaiman bin Daud, Tan Sri Dato' Dr. Lin See Yan, Mr. Lim Kok Min, Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid, Datuk Yvonne Chia and Ms. Goh Shiou Ling with Mr. Ong Kian Min as its Chairman. Independent Directors, including its Chairman, make up the majority of the NC.

The NC is guided by its written Terms of Reference which stipulates that its principal roles include, inter alia, maintaining a formal and transparent process for the appointment of new Directors to the Board, and determining the independence of Directors and the appropriate Board size.

#### ***Guideline 4.2: Responsibilities of NC***

The responsibilities of the NC are to (i) review the nomination for appointments and re-appointments of members of the Board and the various Board Committees for the purpose of proposing such nomination to the Board for approval having regard to the individual's experience, contributions and performance, (ii) review the Board's structure, size, composition including the review of board succession plans for Directors, in particular the Chairman and for the Managing Director, (iii) determine annually whether or not a Director is independent, (iv) assess on whether or not a Director is able to and has been adequately carrying out his duties as a Director, (v) oversee the appointment and induction process of new Directors, (vi) assess the effectiveness of the Board as a whole and the Board Committees, as well as the contributions of the Chairman and individual Directors and (vii) review the training and professional development programs for the Board.

#### ***Guideline 4.3: NC to determine Directors' Independence***

The NC conducts an annual review of the independence of the Directors as mentioned under Guidelines 2.3 and 2.4 above based on their declarations of independence (or otherwise), which were drawn up based on the guidelines provided under the Code. The NC will also assess and determine a Director's independence as and when required.

## Corporate Governance Statement (cont'd)

### Principle 4: Board Membership (cont'd)

#### **Guideline 4.4: Commitment of Directors with Multiple Board Representations**

Currently, the Board has not determined the maximum number of listed board representations which any Director may hold. The NC and the Board will periodically review the requirement to determine the maximum number of listed board representations for implementation, if deemed necessary.

In determining the ability of a director to carry out his duties as a director of the Company, the NC also takes into account the results of the assessment of the effectiveness of the individual director and the respective directors' actual conduct on the Board; including the Director's ability and availability to provide valuable insights, guidance and advice. Despite the multiple directorships of some Directors, the NC is satisfied that these Directors are able to and have adequately performed their duties as Directors of the Company.

#### **Guideline 4.5: Appointment of Alternate Directors**

The Board does not have any alternate Directors.

#### **Guideline 4.6: Process of Selection, Appointment and Re-appointment of Directors**

New directors are normally appointed by way of a Board Resolution, after the NC has approved their nominations. The NC will consider the Company's current Board in term of its size, composition, collective skills and experience and diversity. Potential candidates are selected through internal resources, referrals from existing Directors and/or external search. Candidates should possess relevant experience and have the calibre to contribute to the Group and its businesses, and will complement the skills and competencies and attributes of the existing Board and the requirements of the Group. The candidate must be a person of integrity and must be able to commit sufficient time and attention to the affairs of the Company, especially if he is serving on multiple boards.

The Company believes that board renewal should be an ongoing process to ensure the Board collectively has the required skills, diversity and experience to meet the changing needs of the Company and its businesses. The Company's Bye-Laws require one-third of Directors (excluding the Managing Director) to retire and be subjected to re-election by the shareholders at every Annual General Meeting ("AGM"). Accordingly, no Director shall stay in office for more than 3 years without being re-elected by the shareholders except for the Managing Director who is not required to submit himself for retirement and re-election. All Directors to be re-elected and re-appointed have to be assessed and recommended by the NC before submission to the Board for approval. In recommending a Director for re-election and re-appointment to the Board, the NC takes into consideration the Directors' contribution and performance at Board and Board Committee meetings (such as attendance, preparedness, participation and candour) and also reviews their independence.

The NC has nominated and recommended Mr. Goh Peng Ooi, Mr. Ong Kian Min and Datuk Sulaiman bin Daud to be retired by rotation pursuant to the Bye-Law 86(1) of the Company at the forthcoming AGM. Taking into consideration their commitment and performance, the NC has recommended that these Directors retiring by rotation be nominated for re-election. The Board has accepted the recommendation and these Directors, being eligible for re-election, have offered themselves for re-election.

Mr. Goh Peng Ooi, the Group Executive Chairman and a substantial shareholder of the Company, is the father of Ms. Goh Shiou Ling. Save as disclosed herein, Mr. Goh Peng Ooi does not have any relationships including immediate family relationships between himself and other Directors and the Company.

As for Mr. Ong Kian Min and Datuk Sulaiman bin Daud, there is no relationship including immediate family relationship between themselves and the other Directors, the Company and its 10% shareholders (as defined in the Code).

#### **Guideline 4.7: Information on Directors**

The date of Directors' initial appointment, last re-election and their directorships and other principal commitments are set out under the Board of Directors' profile section of this annual report.

### Principle 5: Board Performance

**There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.**

## Corporate Governance Statement (cont'd)

### Principle 5: Board Performance (cont'd)

#### **Guideline 5.1: Board Performance**

The Board has a formal process, which is overseen by the NC, for assessing the effectiveness of the Board as a whole and the Board Committees, as well as the contributions of the Chairman and individual Directors. The evaluation exercise is carried out annually by way of questionnaire for self and peer assessments as well as for the Board and Board Committees respectively. The assessment criteria include contributions at Board meetings and discussions, strategic thinking, exercise of judgement, time commitment and board dynamics. The NC reviews the consolidated assessment compiled by the Company Secretary and in consultation with the Board, determines appropriate improvement actions.

The NC has assessed the current Board's performance to-date, as well as the performance of each individual Director and is of the view that the performance of the Board as a whole, its Board Committees and of each individual Director were satisfactory.

#### **Guideline 5.2: Performance Criteria for Board Evaluation**

In assessing Board's performance as a whole, the assessment criteria include factors such as Board composition, conduct of meetings, corporate strategy and planning and risk management, and quantitative criteria such as performance against key financial indicators.

#### **Guideline 5.3: Evaluation of Individual Director**

In evaluating the performance of each individual Director, the assessment criteria include factors such as each Director's commitment of time for meetings of the Board and Board Committees, participation, contribution and deliberation of issues at meetings, knowledge and understanding of the Group's dynamics and interaction with fellow Directors, Management and other relevant parties.

### Principle 6: Access to information

**In order to fulfill their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.**

#### **Guideline 6.1: Board's Access to Information**

To enable the Board to fulfill its responsibilities, Management provides complete and adequate information to the Board in a timely manner. Prior to each Board and Board Committees meeting, Management will provide the Directors with the meeting agendas and the relevant materials relating to the matters to be discussed during the meetings, so as to facilitate an informed discussion. During the regular Board and Board Committee meetings, key management personnel are invited to attend the Board and Board Committee meetings in order to make the appropriate presentations and to answer any queries from the Directors, if necessary.

The Board, its committees and every Director have separate and independent access to Management and are free to request for additional information as needed to make informed decisions.

#### **Guideline 6.2: Provision of Information**

In addition to the annual budget and business plans submitted to the Board for approval, the Directors are provided with management reports, analysis of operational performance, explanation on variances between the actual results against the corresponding period of the previous year, as well as against the budget regularly. Furthermore, Directors are provided with background and explanatory information which includes but not limited to risk assessment, scenario analysis, professional advice and related materials on management's proposals for the Board and Board Committees' decision-making.

#### **Guideline 6.3: Board's Access to Company Secretary**

The Company Secretary assists in scheduling Board and Board Committee Meetings, prepares the agenda in consultation with the Chairman and CEO, and attends all Board and Board Committee Meetings. The Company Secretary keeps the Directors informed of any significant developments or events relating to the Group and ensures compliance with all relevant rules and regulations. The Company Secretary also acts as the primary channels of communication between the Company and the SGX-ST. The Directors have independent access to the Company Secretary at all times.

#### **Guideline 6.4: Appointment and Removal of Company Secretary**

The appointment and removal of the Company Secretary is subject to the approval of the Board.



## Corporate Governance Statement (cont'd)

### Principle 6: Access to information (cont'd)

#### **Guideline 6.5: Board's Access to Independent Professional Advice**

Should Directors, whether as a group or individually, require independent professional advice in the furtherance of their duties, professional advisor will be appointed upon direction by the Board and approved by the Managing Director, to render the advice. The cost of such professional advice will be borne by the Company.

## REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies

**There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.**

#### **Guideline 7.1: RC Membership**

The RC comprises Tan Sri Dato' Dr. Lin See Yan, Mr. Ong Kian Min, Mr. Lim Kok Min and Datuk Yvonne Chia with Tan Sri Dato' Dr. Lin See Yan as its Chairman. All four RC members are Independent Non-Executive Directors.

The RC is guided by its written Terms of Reference which stipulates that its principal roles include, inter alia, to review and recommend a framework of remuneration for Directors and key management personnel and the specific remuneration packages of Executive Directors and key management personnel, and to ensure that the framework is competitive and sufficient to attract, retain and motivate Directors and key management personnel.

#### **Guideline 7.2: Remuneration Framework**

To attract, retain and motivate Directors and employees, the RC establishes appropriate remuneration frameworks for the Directors and employees of the Company. Such frameworks are reviewed periodically to ensure that they remain relevant. All aspects of remuneration, including but not limited to Directors' fees, salaries, short-term incentives, options, share-based incentives and awards, and benefits-in-kind are covered by the RC.

Directors' fees for the Chairman and other Directors, and for Director's participation in Board Committees are reviewed annually. The fees are submitted to shareholders for approval at each AGM. The level of fees takes into account the contribution and responsibilities on the Board, as set out below:

Roles	Chairman (per annum)	Member (per annum)
Board of Directors	SGD120,000	SGD60,000
Audit Committee	SGD60,000	SGD30,000
Other Committees	SGD30,000	SGD15,000

The RC reviews the remuneration package of the Executive Directors after considering inter alia the achievement of KPIs. In addition, the RC reviews the remuneration of key management personnel, taking into consideration industry norm and individual and the Group's performance for the year. No member of the RC will be involved in deciding his/her own remuneration.

All decisions by the RC are made by a majority of votes of the RC members who are present and voting. Any member of the RC with a conflict of interest in relation to the subject matter under consideration would abstain from voting, approving or making recommendations which would affect the decisions of the RC. The recommendations of the RC are submitted for endorsement by the entire Board.

#### **Guideline 7.3: RC's Access to Independent Advice**

The RC has full authority to engage any external independent professional adviser on executive's compensation and remuneration related matters, as and when required at the Company's expense.

## Corporate Governance Statement (cont'd)

### Principle 7: Procedures for Developing Remuneration Policies (cont'd)

#### **Guideline 7.4: Service Contract**

The RC reviews the Company's obligations of the service agreements of the Executive Directors and key management personnel that would arise in the event of termination of these service agreements to ensure that such service agreements contain fair and reasonable termination clauses.

### Principle 8: Level and Mix of Remuneration

**The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.**

#### **Guideline 8.1: Performance-linked Remuneration**

In recommending the level and mix of remuneration, the RC seeks to establish a framework for attracting, retaining and motivating directors and employees, aligning the interests of shareholders and promote the long-term success of the Group. The Group aims to link remuneration to individual and corporate performance, and the long-term interest and risk policies of the Group. The Group's compensation framework comprises fixed and variable components. Variable component comprises short-term and long-term incentives. In the selection of short-term and/or long-term incentives for each key executives, the Group aims to align variable incentives with sustainable value creation over the longer term as well as to retain key talent. The current mix of fixed component and short-term and long-term incentives is considered appropriate for the Group.

#### **Guideline 8.2: Long-Term Incentive Scheme**

The Group's long-term incentive scheme comprises performance shares award to eligible directors and employees under the Silverlake Axis Ltd. Performance Share Plan ("PSP"). The RC reviews the eligibility of Directors and key management personnel for the PSP, evaluates the costs and benefits of PSP and determines the vesting period over a period of time. Directors and key management personnel are encouraged to hold their shares beyond the vesting period.

#### **Guideline 8.3: Remuneration of Non-Executive Directors**

The fee structure for Directors comprises basic fees and additional fees for serving on Board Committees. The RC and the Board are of the view that the remuneration of the Directors is appropriate and not excessive taking into account factors such as effort and time spent, and the increasingly onerous responsibilities of the Directors. The fees are subject to the approval of Shareholders at the AGM on annual basis.

#### **Guideline 8.4: Contractual Provisions to Reclaim Incentive Components of Remunerations**

The RC is currently of the view that there is no requirement to institute contractual provisions in the terms of employment to reclaim incentive components of their remuneration paid in prior years.

### Principle 9: Disclosure on Remuneration

**Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration and the procedure for setting remuneration in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.**

#### **Guidelines 9.1, 9.2 and 9.3: Remuneration Report Directors' Remuneration**

The Executive Directors have entered into service agreements with the Company. The service agreements cover the terms of employment, specifically salary and other benefits-in-kinds.

The remuneration of Non-Executive Directors is determined by their contribution and responsibilities on the Board. Both Executive and Non-Executive Directors receive fixed fees which comprise base fee and additional fees for appointment and responsibilities at Board Committees.

## Corporate Governance Statement (cont'd)

### Principle 9: Disclosure on Remuneration (cont'd)

#### Guidelines 9.1, 9.2 and 9.3: Remuneration Report (cont'd)

##### Directors' Remuneration (cont'd)

For competitive and confidentiality reasons, remuneration of Directors for the current financial year are individually disclosed in bands and by mix of remuneration as follows:

Name	Base/Fixed Salary (%)	Bonus (%)	Directors' Fees (%)	Fair Value of Share Plan <sup>(1)</sup> (%)	Other Benefits <sup>(2)</sup> (%)	Total (%)
<b>S\$3,250,000 to below S\$3,500,000</b>						
Dr. Kwong Yong Sin	17	-	2	78	3	100
<b>Below S\$250,000</b>						
Goh Peng Ooi	33	-	55	-	12	100
Ong Kian Min	-	-	100	-	-	100
Tan Sri Dato' Dr. Lin See Yan	-	-	100	-	-	100
Lim Kok Min	-	-	100	-	-	100
Datuk Sulaiman bin Daud	-	-	100	-	-	100
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	-	-	100	-	-	100
Datuk Yvonne Chia	-	-	100	-	-	100
Goh Shiou Ling	-	-	100	-	-	100

Note:

<sup>(1)</sup> The Share Plan was in relation to the shares released during the financial year pursuant to the PSP grant in financial year 2015 to Group Managing Director, in accordance with the Release Schedules. Details of the PSP are disclosed below and in Note 22(d) to the financial statements.

<sup>(2)</sup> Other benefits are inclusive of benefits-in-kind.

The annual aggregate remuneration paid to all the above Directors is RM13,277,649 in FY2016.

##### Remuneration of Key Management Personnel

The remuneration of key management personnel comprises basic salary and variable components. The RC seeks to ensure that the level and mix of remuneration is competitive and relevant in finding a balance between current versus long-term objectives. The RC takes into consideration industry norms, corporate performance and individual annual performance appraisal, when determining annual remuneration packages. Short-term and long-term incentives payments, if any, are paid only upon the achievement of individual and Group performance targets.

There are fifteen key management personnel (who are not Directors of the Company) in the Group. For competitive and confidentiality reason, the band of remuneration and mix of remuneration by percentage (%) paid to the five top-earning key management personnel for the current financial year is presented as follows:

	Percentage of Fixed Remuneration (consists of salary, allowance, benefits-in-kind and contributions to provident fund)	Percentage of Variable Remuneration (consists of incentives and share-based incentives award)
<b>S\$250,001 to S\$500,000</b>		
Jean Aw Peng Mei	100%	-
Fabian Lum Wai Kit	100%	-
Jonathan Craig Parkes	62%	38%
Yau Siew Moi	100%	-
Wong Yok Koon	100%	-

## Corporate Governance Statement (cont'd)

### Principle 9: Disclosure on Remuneration (cont'd)

#### **Guidelines 9.1, 9.2 and 9.3: Remuneration Report (cont'd)** **Remuneration of Key Management Personnel (cont'd)**

The annual aggregate remuneration paid to all the above mentioned key management personnel of the Group is RM5,281,804 in FY2016.

The RC has reviewed the level and mix of remuneration for the Directors and key management personnel of the Company for FY2016 to ensure that the remuneration commensurate with their performance whilst taking into account the industry norm and corporate performance of the Group as a whole during the year.

There are no terminations, retirement and post-employment benefits granted to Directors or the key management personnel.

#### **Guideline 9.4: Employee Related to Directors or CEO**

There is no employee in the Group who is an immediate family member of the Group Managing Director or any other Directors of the Company.

#### **Guidelines 9.5 and 9.6: Employee Share Scheme** **Performance Share Plan**

The PSP was approved by the Company's shareholders at the Special General Meeting held on 28 October 2010 under which awards ("Awards") of fully-paid shares will be issued free of charge to eligible employees and Non-Executive Directors of the Company and its subsidiaries, provided certain prescribed performance targets are met.

The aggregate number of shares which may be available for Awards under the PSP, when aggregated with the aggregate number of shares available under any other share-based schemes of the Company, will not exceed 5% of the total issued shares of the Company (excluding treasury shares) from time to time. The PSP shall continue to be in force at the discretion of the PSP Committee, subject to the maximum period of 10 years commencing on 28 October 2010. The PSP Committee comprises Mr. Goh Peng Ooi, Tan Sri Dato' Dr. Lin See Yan, Mr. Ong Kian Min and Mr. Lim Kok Min.

#### **FY2015 Grant**

In FY2015, a maximum 10,000,000 PSP shares were granted to Group Managing Director, Dr. Kwong Yong Sin. Taking into account the Bonus Issue on 8 July 2015, the number of outstanding share awards for the remaining four-financial year performance period has been adjusted from 8,000,000 shares to 9,600,000 shares. The additional shares shall similarly vest, subject to the achievement of pre-determined targets, and similarly be subject to restrictions against any disposal, sale or other dealings in the Shares for a period of one (1) year from the applicable release date.

On 5 January 2016, 2,400,000 (2015 : 2,000,000) shares with a fair value of RM7,527,480 (2015 : RM6,776,000) have been awarded and released to Dr. Kwong Yong Sin in recognition of his contribution to the Company for FY2015 (2015 : FY2014). The actual number of remaining shares shall vest subject to the achievement of pre-determined targets set over a three-financial year (2015 : four-financial year) performance period to financial year ending 30 June 2018.

Save as disclosed below, no Director or employee of the Group received 5% or more of the total number of shares available under the PSP:

Name of participant	PSP granted during the financial year	Adjustment for bonus issue during the financial year	Aggregate PSP granted since commencement of PSP to the end of the financial year	Aggregate PSP released since commencement of PSP to the end of the financial year	Aggregate PSP outstanding as at the end of the financial year
Dr. Kwong Yong Sin	-	1,600,000	17,850,000	10,650,000	7,200,000

Details of the PSP are disclosed in Note 22(d) to the financial statements.

## Corporate Governance Statement (cont'd)

### ACCOUNTABILITY AND AUDIT

#### Principle 10: Accountability

**The Board should present a balanced and understandable assessment of the company's performance, position and prospects.**

***Guideline 10.1: Accountability for Balanced Assessment***

The Board, through its announcements of quarterly and full year results as well as other material information, aims to provide shareholders with a balanced and understandable assessment of the Group's financial performance, position and prospects.

***Guideline 10.2: Compliance with Legislative and Regulatory Requirements***

The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintain shareholders' confidence and trust. In accordance with SGX-ST's requirements, the Board issued negative assurance statements in its quarterly financial results announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

***Guideline 10.3: Management Accounts***

The Company recognises the importance of providing the Board members with a continual flow of relevant information on an accurate and timely basis so that they may effectively discharge their duties. On a regular basis, Board members are provided with business and financial reports comparing actual performance with budget, highlights on key business indicators and other major issues.

#### Principle 11: Risk Management and Internal Controls

**The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.**

***Guideline 11.1: Risk Management and Internal Control Systems***

The Board has overall responsibility for the governance of risk. The Board believes in the importance of maintaining a sound system of risk management and internal controls to safeguard shareholders' interest and the Group's assets. The Board, assisted by the AC, has adopted a Group Risk Management Framework ("Framework") for the identification, assessment and management of risks within the Group. Management and all business and functional units are responsible for the day-to-day identification, managing and monitoring of risks. Significant business risks are regularly reviewed, addressed and reported to the AC and the Board.

The system of internal control and risk management provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. However, the Board notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

***Guideline 11.2: Adequacy and Effectiveness of Risk Management and Internal Control Systems***

The Board regularly reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. The AC, with the assistance of the internal auditors, reviews the adequacy and effectiveness of the Company's internal control systems, including financial, operational, compliance and information technology controls and risks management policies and systems established by Management on annual basis. In addition, the external auditors will highlight any material control weaknesses within the Group discovered in the course of the statutory audit. Any material findings from both the internal and external auditors together with the improvement recommendations are reported to the AC. The AC will review the internal and external auditors' comments and findings and ensure there are adequate follow-up actions.

***Guideline 11.3: Board's Comments on Adequacy and Effectiveness of Internal Controls***

For the FY2016, the Board has received assurance from the Group Managing Director and the Group Head of Finance:

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
- (b) that the Group's risk management and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective.

## Corporate Governance Statement (cont'd)

### Principle 11: Risk Management and Internal Controls (cont'd)

#### **Guideline 11.3: Board's Comments on Adequacy and Effectiveness of Internal Controls (cont'd)**

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditors (in the course of their annual statutory audit), and reviews performed by Management and the Board, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, including information technology risks, which the Group considers relevant and material to its operations, were adequate and effective for the FY2016.

#### **Guideline 11.4: Risk Committee**

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the AC with the assistance of the internal auditors. Having considered the Group's business and operations as well as its existing internal control and risk management systems, the Board is of the view that a separate risk committee is not currently required.

### Principle 12: Audit Committee

**The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.**

#### **Guidelines 12.1 and 12.2: AC Membership and Expertise**

The AC comprises Mr. Ong Kian Min, Tan Sri Dato' Dr. Lin See Yan, Mr. Lim Kok Min and Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid with Mr. Ong Kian Min as its Chairman. All four AC members are Independent Non-Executive Directors. The AC members have the appropriate professional experience in accounting and financial management. The Board is satisfied that the AC members are appropriately qualified to discharge their responsibilities.

#### **Guidelines 12.3 and 12.4: Roles, Responsibilities and Authority of AC**

The AC is guided by its Terms of Reference which stipulate that its principal functions include, inter alia:

- a) review the scope and results of the external audit work, cost effectiveness of the audit, and the independence and objectivity of the external auditors;
- b) review the Group's quarterly and full year financial statements, the accounting principles adopted, significant financial reporting issues and judgements and the external auditor's report on the financial statements of the Group before submission to the Board for approval;
- c) review, with the internal auditors, the scope of the internal audit procedures and the results of the internal audit, monitoring the responses to their findings to ensure that appropriate follow-up measures are taken;
- d) review and report to the Board at least annually on the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems;
- e) recommend to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;
- f) review interested person transactions in accordance with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"); and
- g) review the effectiveness of the Group's whistle-blowing policy.

The AC has the authority to conduct or authorise investigations into any matters within its Terms of Reference. The AC also has full access to and the co-operation of Management, discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its duties properly.

#### **Guideline 12.5: Meeting with External and Internal Auditors**

The AC meets with the external and internal auditors, in the absence of Management at least once a year. The external auditors have unrestricted access to the AC.

## Corporate Governance Statement (cont'd)

### Principle 12: Audit Committee (cont'd)

#### **Guideline 12.6: Independence of External Auditors**

The AC has reviewed the non-audit services provided by the external auditors as part of the AC's assessment of the external auditors' independence. The aggregate amount of audit and non-audit fees payable to the external auditors of the Group for FY2016 were RM1,484,489 and RM919,348 respectively. The non-audit services provided by the external auditors of the Group mainly related to tax services and advisory services in relation to the acquisition of Silverlake Symmetri (Singapore) Pte. Ltd. (formerly known as SunGard Ambit (Singapore) Pte. Ltd.) in October 2015. The AC is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.

Both the AC and the Board have reviewed the appointment of different auditors for its subsidiaries and/or significant associates and are satisfied that the appointment of different auditors would not compromise the standard and effectiveness of the audit of the Company. The Company is in compliance with Rule 712 and Rule 715 of the Listing Manual in relation to the appointment of its auditor and in compliance with Rule 716 of the Listing Manual in relation to its independent auditors.

The AC has recommended to the Board the re-appointment of Messrs Ernst & Young as auditors of the Company.

#### **Guideline 12.7: Whistle-blowing Policy**

The AC has incorporated a whistle-blowing policy into the Group's internal control procedures to provide a channel for staff to report in good faith and in confidence, without fear of reprisals, concerns about suspected fraud, corruption, dishonest practices or other similar matters. The objective of the policy is to ensure an independent investigation of such matters and appropriate follow-up actions. Employees are encouraged to report possible improprieties in financial reporting or other improper business conduct they encounter in the course of work through appropriate channel. The Company will keep confidential the identity of any whistle-blower.

There was no reported incident pertaining to whistle-blowing for FY2016.

#### **Guideline 12.8: AC to keep Abreast of Changes to Accounting Standards**

The AC holds regular meetings to review all matters within its Terms of Reference. In addition, the AC keeps abreast of relevant changes to accounting standards, the Listing Manual and other issues through attendance at relevant seminars or talks, articles and news circulated by the Company Secretary and Management and updates by the external auditors at AC Meetings.

#### **Guideline 12.9: Cooling-off Period for Partners or Directors of the Company's auditing firm**

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

### Principle 13: Internal Audit

**The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.**

#### **Guidelines 13.1 and 13.2: Internal Audit Function**

The Group's Internal Audit and Compliance function is responsible for reviewing, monitoring and assessing the system of internal control and is independent of activities it audits. The Internal Audit and Compliance function, headed by the Head of Internal Audit and Compliance, reports directly to the AC. The AC reviews the internal audit plan, the scope and findings of internal audit procedures. The internal audit function has unfettered access to all the Group's documents, records, properties and personnel, including direct access to the AC.

The AC approves the hiring, evaluation and compensation of the Head of Internal Audit and Compliance. The AC ensures that the Internal Audit and Compliance function is adequately resourced, has appropriate standing within the Group and is able to perform its functions effectively and objectively.

#### **Guidelines 13.3 and 13.4: Internal Audit Resources and Qualification**

The Internal Audit and Compliance function is adequately staffed with suitably qualified and experienced professionals and adopts the standard set by internationally recognised professional bodies, including the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

#### **Guideline 13.5: Adequacy and Effectiveness of Internal Audit Function**

The AC reviews the adequacy and effectiveness of the internal audit function on an on-going basis.

## Corporate Governance Statement (cont'd)

### SHAREHOLDERS RIGHTS AND RESPONSIBILITIES

#### Principle 14: Shareholder Rights

**Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.**

##### ***Guideline 14.1: Sufficient Information to Shareholders***

The Company recognises the shareholders' rights to be sufficiently informed of changes in the Company or its business that would materially affect the price or value of its shares. The Company keeps shareholders fully informed of information that may have a material effect on the price or value of the Company's securities by timely disclosure of information through SGXNET, press releases, analyst briefings and the Company's website, as well as through the AGM.

##### ***Guideline 14.2: Opportunity for Shareholders to Participate and Vote at General Meetings***

The Company ensures that shareholders have the opportunity to participate effectively and vote at general meetings. Shareholders are informed of general meetings through reports or circulars sent to all shareholders in addition to notices published in the newspapers, Company's announcements via SGXNET and the Company's website. Resolutions tabled at general meetings are passed through a process of voting by poll which procedures are clearly explained by the scrutineers at such general meetings.

##### ***Guideline 14.3: Proxies for Nominee Companies***

Shareholders may appoint up to two proxies to attend and vote on their behalf. Shareholders who hold shares in the Company through corporations which provide nominee or custodial services and who provide satisfactory evidence of their shares ownership are allowed to attend the general meetings as observers without being constrained by two-proxy rule, subject to availability of seats.

#### Principle 15: Communication with Shareholders

**Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.**

##### ***Guideline 15.1: Communication with Shareholders***

The Company is committed to actively engaging its shareholders and has put in place an investor relations policy to promote regular, effective and fair communication with shareholders. All material information and financial results are released through SGXNET, press releases, analyst briefings and the Company's website in a clear, detailed and timely manner. The Company's investor relations contact detail is provided in the Company's website as the communication channel for shareholders to raise queries. The Company's website also lists the Company's major past and future corporate events and investor conferences.

##### ***Guideline 15.2: Timely Information to Shareholders***

Regular meetings are held with investors, analysts and fund managers to keep the market updated on the Group's corporate developments and financial performance. The Company does not practice selective disclosure and is mindful of the remedial action required to make public disclosure as soon as practicable, should there be an event of inadvertent disclosure. Price-sensitive information is first publicly released via SGXNET, either before the Company meets with any group of investors or analysts or simultaneously with such meetings. Corporate presentation slides are posted in the Company's website immediately after briefings with analysts.

##### ***Guidelines 15.3 and 15.4: Regular Dialogue and Understanding Views of Shareholders***

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. These meetings provide excellent opportunities for the Company to obtain shareholders' views on value creation. Furthermore, Management would meet analysts and fund managers as appropriate.

##### ***Guideline 15.5: Dividend Policy***

The Company has established a policy on the payment of dividends. Barring any unforeseen circumstances, the Company expects to pay out not less than 40% of the Group's net profit as dividends, taking into consideration various factors including expansion plans and funding requirements of the Company.



## Corporate Governance Statement (cont'd)

### Principle 16: Conduct of Shareholder Meetings

**Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.**

#### ***Guideline 16.1: Effective Shareholders Participation***

The Company encourages shareholders to participate effectively and vote at general meetings of the Company. Shareholders are informed of Shareholders' Meetings through notices published in the newspapers and notice of meetings, together with explanatory notes or a circular, sent to all shareholders on a timely basis. All registered shareholders are invited to attend and participate actively in the general meetings and are given the opportunity to seek clarification or question the Group's strategic direction, business, operations, performance and proposed resolutions. As the authentication of shareholder identity and other related security issues still remain a concern, the Company does not practice voting in absentia by mail, email or fax.

#### ***Guideline 16.2: Separate Resolutions at General Meetings***

Separate resolutions are proposed on each substantially separate issue.

#### ***Guideline 16.3: Attendees at General Meetings***

All Directors including the Chairman of the Board, CEO and the Chairmen of the various Board Committees together with the Company Secretary are present to address any question or feedback raised by the shareholders at the AGM and thereafter, including those pertaining to the proposed resolutions before the resolutions are voted on. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and contents of the Auditors' Report.

#### ***Guideline 16.4: Minutes of General Meetings***

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting and responses from the Board and Management. The minutes are available to shareholders upon their request.

#### ***Guideline 16.5: Voting by Poll at General Meetings***

For greater transparency and effective participation, the Company has implemented poll voting since its 2015 AGM and all resolutions are put to vote by poll. The results of the poll voting on each resolution tabled at the AGM, including the number of votes cast for and against of each resolution, are announced.

## Corporate Governance Statement (cont'd)

### DEALINGS IN SECURITIES

#### ***Listing Manual Rule 1207(19)***

The Company has adopted practices in relation to dealings in the Company's securities pursuant to the Listing Manual that are applicable to all its officers. The Group issues quarterly reminders to Directors, officers and employees on the restrictions in dealings in the Company's shares during the period commencing two weeks before the announcement of the Group's quarterly results and one month before the announcement of the Group's full year results and ending on the date of the announcement of the results or when they are in possession of unpublished material price-sensitive information of the Group.

Directors and executives are also expected to observe insider trading laws at all times even when dealing with securities within the permitted trading period and are discouraged from dealing in the Company's securities on short-term considerations.

### CORPORATE SOCIAL RESPONSIBILITY

The Group recognises Corporate Social Responsibility ("CSR") as an important aspect of our business. With our presence around Asia, we believe we are in a good position to create positive impact on the environment and in the society we live in.

For many years now, the Group has been actively involved in various charitable initiatives. We are also supportive of initiatives that help reach out to society and strives to rebuild lives such as the Singapore Children's Society in which the Group contributed financial support to aid their cause. This is part of our values to be constantly attentive in supporting the society in times of need.

In this era of rapid and dynamic technological advances, the Group is mindful of the need for education to help society adapt to these perpetual changes. As such, we are supportive of studies and forums on the new digital economy as it not only raises awareness of the digital era but also help cultivate and nurture innovation culture in our future generations.

As we further develop our business, we will continue to embrace positive socially responsible and sustainable practices in all aspects of our business. The move to send electronic annual report demonstrates the Group's commitment towards Green and sustainable efforts. Hard copies are provided to shareholders only upon request.



# Other Information

## 1. RECURRENT INTERESTED PERSON TRANSACTIONS OF A REVENUE OR TRADING NATURE

In compliance with Rule 920 of the SGX-ST's Listing Manual, the aggregate value of recurrent Interested Person Transactions ("IPT") of revenue or trading nature conducted during the financial year ended 30 June 2016 by the Group in accordance with the shareholders' mandates were as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	01-07-2015 to 30-06-2016 RM	01-07-2015 to 30-06-2016 RM
Companies associated to Mr. Goh Peng Ooi ("Silverlake Entities")		
<b>- New IPT Mandate <sup>(1)</sup></b>		
Revenue from Silverlake Entities	-	100,938,748
Service fees to Silverlake Entities	-	(68,038,588)
<b>- Non-Mandate Transactions <sup>(2)</sup></b>		
Revenue from Silverlake Entities	2,867,773	-

<sup>(1)</sup> The New IPT Mandate was approved by shareholders on 24 October 2008 for transactions pursuant to Master License Agreement and Master Services Agreement. The New IPT Mandate is subject to annual renewal.

<sup>(2)</sup> The Non-Mandate revenue was mainly revenue from sale of hardware and provision of enhancement services between Silverlake Holdings Sdn. Bhd. and Silverlake Entities.

The total IPT revenue and IPT service fees of RM103,806,521 (2015: RM150,259,561) and RM68,038,588 (2015: RM46,415,071), accounted for 16% (2015: 29%) and 27% (2015: 26%) of the Group's total revenue and total cost of sales respectively. Details of IPT are disclosed in Note 31 to the financial statements.

## 2. MATERIAL CONTRACTS

Except as disclosed above, there were no material contracts, including contracts relating to loans, entered into by the Company and its subsidiaries involving the interests of any Director or controlling shareholder during FY2016.

## Other Information (cont'd)

### 3. DISCLOSURES IN RELATION TO THE COMPANY'S UNDERTAKINGS TO THE SGX-ST

In accordance with its terms of reference and undertakings given to the SGX-ST, the Audit Committee has reviewed all Interested Person Transactions between the Company and Silverlake Entities and is satisfied that the Interested Person Transactions comply with the shareholders' mandates granted by the shareholders at the Annual General Meeting of the Company held on 26 October 2015.

The ageing of amounts owing from the Silverlake Entities as at 30 June 2016 was as follows:

Name of related parties	Total Due RM	0-30 days RM	31-60 days RM	61-90 days RM	91-180 days RM	> 180 days RM
<b>Transactions conducted under the New IPT Mandate:</b>						
Silverlake Entities <sup>(1)</sup>	43,239,588	41,537,349	1,702,239	-	-	-
<b>Non-Trade Transactions</b>						
Silverlake Entities	88,116	88,116	-	-	-	-
<b>Grand Total</b>	<b>43,327,704</b>	<b>41,625,465</b>	<b>1,702,239</b>	-	-	-

<sup>(1)</sup> The Audit Committee confirms that collections from the Silverlake Entities were within the mandated terms.

### 4. USE OF PROCEEDS FROM ISSUANCE OF 100,000,000 SHARES

On 11 June 2013, the Company allotted and issued 100,000,000 ordinary shares at an issue price of SGD0.75 per share. The total net proceeds of RM180.3 million have been fully utilised as of 30 June 2016.

RM42.3 million, RM38.3 million and RM68.1 million have been utilised for the acquisition of the entire share capital of Cyber Village Sdn. Bhd., Merimen Group and Symmetri Group respectively and RM31.6 million has been disbursed and utilised for the takeover offer of Finzsoft.

The use of the net proceeds was in accordance with that previously disclosed in the Company's announcement dated 29 May 2013. The Company had made periodic announcements on the utilisation of the proceeds as and when the proceeds are materially disbursed.



## Financial Statements

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# Directors' Report

The directors are pleased to present their report together with the audited consolidated financial statements of Silverlake Axis Ltd. (the Company) and its subsidiaries (collectively, the Group) and the statement of financial position of the Company for the financial year ended 30 June 2016.

## 1. DIRECTORS

The directors of the Company in office at the date of this report are:

Goh Peng Ooi  
 Dr. Kwong Yong Sin  
 Ong Kian Min  
 Tan Sri Dato' Dr. Lin See Yan  
 Lim Kok Min  
 Datuk Sulaiman bin Daud  
 Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid  
 Datuk Yvonne Chia  
 Goh Shiou Ling

## 2. ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES

Except as disclosed in the financial statements, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares of the Company or any other body corporate.

## 3. DIRECTORS' INTERESTS IN SHARES

The following directors, who held office at the end of the financial year, had an interest in shares of the Company and its related corporations as stated below:

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of the Company</i>				
Goh Peng Ooi	-	-	1,490,236,347	1,736,426,473
Dr. Kwong Yong Sin	8,810,000	12,972,000	500,000	800,000
Ong Kian Min	500,000	600,000	-	-
Tan Sri Dato' Dr. Lin See Yan	500,000	600,000	-	-
Lim Kok Min	500,000	600,000	-	-
Datuk Sulaiman bin Daud	500,000	600,000	-	-
Datuk Yvonne Chia	200,000	300,000	50,000	110,000
<i>Ordinary shares of the holding company (Intelligentsia Holding Ltd.)</i>				
Goh Peng Ooi	3,882,254	3,882,254	-	-

## Directors' Report (cont'd)

### 3. DIRECTORS' INTERESTS IN SHARES (cont'd)

Except as disclosed above, there was no change in any of the abovementioned interests between the end of the financial year and 21 July 2016.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares or share options of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

### 4. DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

### 5. PERFORMANCE SHARE PLAN

The Silverlake Axis Ltd. Performance Share Plan ("PSP") was approved by the Company's shareholders at the Special General Meeting held on 28 October 2010 under which awards ("Awards") of fully-paid shares will be issued free of charge to eligible employees and non-executive directors of the Company and its subsidiaries, provided certain prescribed performance targets are met.

The aggregate number of shares which may be available for Awards under the PSP, when aggregated with the aggregate number of shares available under any other share-based schemes of the Company, will not exceed 5% of the total issued shares of the Company (excluding treasury shares) from time to time. The PSP shall continue in force at the discretion of the PSP Committee, subject to the maximum period of 10 years commencing on 28 October 2010. The PSP Committee comprises Mr. Goh Peng Ooi, Tan Sri Dato' Dr. Lin See Yan, Mr. Ong Kian Min and Mr. Lim Kok Min.

#### (i) PSP shares granted to managing director

On 5 January 2015, a maximum 10,000,000 PSP shares were awarded and granted to the Group Managing Director, Dr. Kwong Yong Sin. Taking into account the bonus issue on 8 July 2015, the number of outstanding share awards for the remaining four-financial year performance period has been adjusted from 8,000,000 shares to 9,600,000 shares. On 5 January 2016, 2,400,000 (2015: 2,000,000) shares with a fair value of RM7,527,480 (2015: RM6,776,600) have been awarded and released to Dr. Kwong Yong Sin in recognition of his contribution to the Group for the financial year ended 30 June 2015 (2015: 30 June 2014). The actual number of remaining shares shall vest subject to the achievement of pre-determined targets set over a three-financial year (2015: four-financial year) performance period to financial year ending 30 June 2018.

The shares awarded were subject to restrictions against any disposal or sale and/or other dealings in the shares for a period of one year from the applicable release date.

## Directors' Report (cont'd)

### 5. PERFORMANCE SHARE PLAN (cont'd)

#### (ii) PSP shares granted to non-executive directors

In financial year 2013, 2,000,000 PSP shares were awarded and granted to non-executive directors at 500,000 shares each to Mr. Ong Kian Min, Datuk Sulaiman bin Daud, Tan Sri Dato' Dr. Lin See Yan and Mr. Lim Kok Min. The Awards were based on the service and contributions made by each non-executive directors to the success of the Company and were released in accordance with the following Release Schedule:

Release date	Number of shares per director
3 January 2013	200,000
3 January 2014	150,000
5 January 2015	150,000

The shares awarded were subject to restrictions against any disposal or sale and/or other dealings in the shares for a period of one year from the applicable release date.

In the previous financial year, 600,000 shares were released to the non-executive directors at 150,000 shares each according to the Release Schedule.

As at the end of previous financial year, 2,000,000 shares had been released from the Company's treasury shares at RM2,561,800, which reflected the fair value of shares at award date, to the non-executive directors.

Save as disclosed below, no Directors or employees of the Group have received 5% or more of the total number of shares available under the PSP:

Name of participant	PSP granted during the financial year	Adjustment for bonus issue during the financial year	Aggregate PSP granted since commencement of PSP to the end of the financial year	Aggregate PSP released since commencement of PSP to the end of the financial year	Aggregate PSP outstanding as at the end of the financial year
<b>2016</b>					
Dr. Kwong Yong Sin	-	1,600,000	17,850,000	10,650,000	7,200,000
<b>2015</b>					
Dr. Kwong Yong Sin	10,000,000	-	16,250,000	8,250,000	8,000,000

Details of the PSP are disclosed in Note 22(d) to the financial statements.

### 6. TREASURY SHARES

On 5 January 2016, 2,400,000 (2015: 600,000 and 2,000,000) treasury shares were released at the price of SGD0.640 (2015: SGD0.505 and SGD1.265) each, which reflected the fair values of shares at award dates, for the purposes of award of shares to managing director (2015: non-executive directors and managing director) under the PSP.

During the financial year, the Company purchased 42,405,100 (2015: 2,700,000) shares pursuant to the share purchase mandate approved by shareholders on 26 October 2015 (2015: 27 October 2014). These shares were acquired by way of market acquisition for a total consideration of RM71,732,592 (2015: RM7,871,979) and are held as treasury shares by the Company.

Further details of the treasury shares are disclosed in Note 22(c) to the financial statements.



## Directors' Report (cont'd)

### 7. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 36 to the financial statements.

### 8. SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

Details of significant events after the financial year are disclosed in Note 37 to the financial statements.

### 9. BOARD OPINION ON THE ADEQUACY OF INTERNAL CONTROLS ADDRESSING FINANCIAL, OPERATIONAL AND COMPLIANCE RISKS (INCLUDING INFORMATION TECHNOLOGY RISKS)

Based on the internal controls established and maintained by the Group, work performed by the internal auditors and external auditors (in the course of their annual statutory audit), and reviews performed by the Management and the Board, the Board with the concurrence of the Audit Committee, is of the opinion that the Group's internal controls, addressing financial, operational and compliance risks, including information technology risks, which the Group considers relevant and material to its operations, were adequate for the financial year ended 30 June 2016.

### 10. AUDIT COMMITTEE ("AC")

Information on the functions and activities of the AC are disclosed in the Corporate Governance Statement.

### 11. AUDITOR

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

On behalf of the board of directors:

**GOH PENG OOI**  
DIRECTOR

**DR. KWONG YONG SIN**  
DIRECTOR

28 September 2016



## Statement by Directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the statement of financial position of the Company together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 June 2016 and the results of the business, changes in equity and cash flows of the Group for the year then ended, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

**GOH PENG OOI**  
DIRECTOR

**DR. KWONG YONG SIN**  
DIRECTOR

28 September 2016



# Independent Auditors' Report

To members of Silverlake Axis Ltd.

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Silverlake Axis Ltd. and its subsidiaries (collectively, the Group), set out on pages 50 to 159, which comprise the statements of financial position of the Group and the Company as at 30 June 2016, the consolidated statement of changes in equity, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair consolidated income statement and statements of financial position to maintain accountability of assets.

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and the results, changes in equity and cash flows of the Group for the year ended on that date.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### **ERNST & YOUNG**

AF: 0039

Chartered Accountants

Kuala Lumpur, Malaysia

28 September 2016



# Consolidated Income Statement

For the financial year ended 30 June 2016

	Note	Group	
		2016 RM	2015 RM
<b>Revenue</b>	3	636,282,307	516,043,152
Cost of sales		(252,418,408)	(178,934,973)
<b>Gross profit</b>		383,863,899	337,108,179
<b>Other items of income</b>			
Finance income	4	2,140,757	3,343,275
Other income	5	19,670,186	28,655,763
<b>Other items of expenses</b>			
Selling and distribution costs		(23,657,716)	(11,256,776)
Administrative expenses		(82,536,054)	(54,681,596)
Finance costs	6	(1,110,406)	(1,866,922)
Share of profit of associates and a joint venture		1,848,470	5,527,279
<b>Profit before tax</b>	7	300,219,136	306,829,202
Income tax expense	9	(26,362,298)	(24,166,413)
<b>Profit for the year</b>		273,856,838	282,662,789
<b>Profit for the year attributable to:</b>			
Owners of the parent		273,848,019	282,653,024
Non-controlling interests		8,819	9,765
		273,856,838	282,662,789
Earnings per share attributable to the owners of the parent:			
- Basic (sen)*	10	10.30	10.53
- Diluted (sen)*	10	10.30	10.52

\* The basic and diluted earnings per share for the financial year ended 30 June 2015 were restated due to the increase in the number of ordinary shares as a result of bonus shares issued on 8 July 2015, where retrospective adjustment is required in accordance with IAS 33 Earnings Per Share.

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



# Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2016

	Note	Group	
		2016 RM	2015 RM
Profit for the year		273,856,838	282,662,789
<b>Other comprehensive income:</b>			
Item that can be reclassified subsequently to profit or loss:			
- Foreign currency translation gain		9,089,212	22,153,072
Item that cannot be reclassified to profit or loss:			
- Actuarial gain/(loss) on defined benefit plans	29	1,332,048	(335,161)
<b>Other comprehensive income for the year, net of tax</b>		10,421,260	21,817,911
<b>Total comprehensive income for the year</b>		284,278,098	304,480,700
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent		284,269,279	304,470,935
Non-controlling interests		8,819	9,765
		284,278,098	304,480,700

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



# Statements of Financial Position as at 30 June 2016

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	16,321,337	12,868,571	-	764
Intangible assets	12	195,875,204	156,367,645	-	-
Investments in subsidiaries	13	-	-	1,894,873,593	1,827,788,044
Investments in associates	14	106,380,900	102,095,635	482,400	1,230,000
Interest in a joint venture	15	31,611,357	28,359,311	33,346,002	29,791,431
Deferred tax assets	27	5,790,275	2,099,569	-	-
		355,979,073	301,790,731	1,928,701,995	1,858,810,239
<b>Current assets</b>					
Amounts due from customers for contract work-in-progress	16	16,916,828	24,374,841	-	-
Trade and other receivables	17	177,845,034	85,481,398	61	246,869
Advance maintenance costs		2,729,534	2,415,363	-	-
Prepayments		4,221,916	2,043,035	45,810	93,608
Dividend receivable		-	-	24,315,200	-
Amount due from a subsidiary	18	-	-	34,902	-
Amounts due from related parties	18	43,327,704	30,186,863	-	-
Loan to a subsidiary	19	-	-	9,424,643	12,014,683
Tax recoverable		1,670,392	1,837,700	-	-
Available-for-sale financial assets - money market fund	20	4,729,521	10,390,000	-	-
Cash and bank balances	21	225,942,723	320,514,200	38,754,126	91,043,416
		477,383,652	477,243,400	72,574,742	103,398,576
<b>Total assets</b>		<b>833,362,725</b>	<b>779,034,131</b>	<b>2,001,276,737</b>	<b>1,962,208,815</b>

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

## Statements of Financial Position as at 30 June 2016 (cont'd)

	Note	Group		Company	
		2016 RM	2015 RM	2016 RM	2015 RM
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	22(a)	191,040,654	157,483,159	191,040,654	157,483,159
Share premium	22(b)	229,022,558	259,269,373	1,665,580,314	1,695,827,129
Treasury shares	22(c)	(75,442,423)	(7,926,631)	(75,442,423)	(7,926,631)
Foreign currency translation reserve	23(a)	25,578,431	16,489,219	-	-
Capital reserve	23(b)	466,828	466,828	-	-
Statutory reserve	23(c)	21,819	21,819	-	-
Performance share plan reserve	22(d),23(d)	5,839,774	5,212,658	5,839,774	5,212,658
Merger deficit	24	(119,765,286)	(119,765,286)	-	-
Retained profits		345,766,416	328,095,192	138,129,289	94,323,242
<b>Equity attributable to owners of the parent</b>		602,528,771	639,346,331	1,925,147,608	1,944,919,557
Non-controlling interests		80,196	71,377	-	-
<b>Total equity</b>		602,608,967	639,417,708	1,925,147,608	1,944,919,557
<b>Non-current liabilities</b>					
Loans and borrowings	25	1,423,891	1,626,409	-	-
Deferred tax liabilities	27	18,133,849	15,475,135	-	-
Provision for defined benefit liabilities	29	7,793,902	4,467,313	-	-
		27,351,642	21,568,857	-	-
<b>Current liabilities</b>					
Amounts due to customers for contract work-in-progress	16	8,170,674	4,902,810	-	-
Trade and other payables	28	49,355,794	58,365,641	3,759,359	17,162,718
Provision for defined benefit liabilities	29	373,822	360,953	-	-
Advance maintenance fees		55,772,126	30,749,393	-	-
Loans and borrowings	25	73,049,433	784,516	72,239,600	-
Amounts due to subsidiaries	18	-	-	17,888	20,010
Amounts due to related parties	18	5,926,194	11,362,515	-	-
Income tax payable		10,754,073	11,521,738	112,282	106,530
		203,402,116	118,047,566	76,129,129	17,289,258
<b>Total liabilities</b>		230,753,758	139,616,423	76,129,129	17,289,258
<b>Net current assets/(liabilities)</b>		273,981,536	359,195,834	(3,554,387)	86,109,318
<b>Total equity and liabilities</b>		833,362,725	779,034,131	2,001,276,737	1,962,208,815

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



# Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2016

2016 Group	Note	Attributable to owners of the parent										Total equity RM				
		Foreign currency translation reserve (Note 23(a)) (RM)					Non-distributable Performance share plan reserve (Note 22(d), Note 23(d)) (RM)						Merger deficit (Note 24) (RM)	Distributable retained profits (RM)	Non-controlling interests (RM)	Total (RM)
		Share capital (Note 22(a)) (RM)	Share premium (Note 22(b)) (RM)	Treasury shares (Note 22(c)) (RM)	Statutory reserve (Note 23(c)) (RM)	Capital reserve (Note 23(b)) (RM)	Statutory reserve (Note 23(c)) (RM)	Performance share plan reserve (Note 22(d), Note 23(d)) (RM)	Merger deficit (Note 24) (RM)	Distributable retained profits (RM)	Total (RM)					
<b>At 1 July 2015</b>		157,483,159	259,269,373	(7,926,631)	16,489,219	466,828	21,819	5,212,658	(119,765,286)	328,095,192	639,346,331	71,377	639,417,708			
Profit for the year		-	-	-	-	-	-	-	-	273,848,019	273,848,019	8,819	273,856,838			
Other comprehensive income for the year		-	-	-	9,089,212	-	-	-	-	1,332,048	10,421,260	-	10,421,260			
<b>Total comprehensive income for the year</b>		-	-	-	9,089,212	-	-	-	-	275,180,067	284,269,279	8,819	284,278,098			
Contributions by and distributions to owners		-	-	-	-	-	-	-	-	-	-	-	-			
Issuance of bonus shares	22(a)&(b)	33,557,495	(33,557,495)	-	-	-	-	-	-	-	-	-	-			
Purchase of treasury shares	22(c)	-	-	(71,732,592)	-	-	-	-	-	-	(71,732,592)	-	(71,732,592)			
Grant of shares under Performance Share Plan	22(d)	-	-	-	-	-	-	8,154,596	-	-	8,154,596	-	8,154,596			
Release of shares under Performance Share Plan	22(d)	-	3,310,680	4,216,800	-	-	-	(7,527,480)	-	-	-	-	-			
Dividends on ordinary shares	30	-	-	-	-	-	-	-	-	(257,508,843)	(257,508,843)	-	(257,508,843)			
<b>Total transactions with owners in their capacity as owners</b>		33,557,495	(30,246,815)	(67,515,792)	-	-	-	627,116	-	(257,508,843)	(321,086,839)	-	(321,086,839)			
<b>At 30 June 2016</b>		191,040,654	229,022,558	(75,442,423)	25,578,431	466,828	21,819	5,839,774	(119,765,286)	345,766,416	602,528,771	80,196	602,608,967			

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



## Consolidated Statement of Changes in Equity (cont'd)

For the financial year ended 30 June 2016

2015	Attributable to owners of the parent										
	Share capital (Note 22(a))	Share premium (Note 22(b))	Treasury shares (Note 22(c))	Foreign currency translation reserve (Note 23(a))	Capital reserve (Note 23(b))	Statutory reserve (Note 23(c))	Performance share plan reserve (Note 22(d), Note 23(d))	Merger deficit (Note 24)	Distributable retained profits	Non-controlling interests	Total equity
Group	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
<b>At 1 July 2014</b>	157,483,159	252,437,933	(768,352)	(5,663,853)	466,828	21,819	576,405	(119,765,286)	331,527,685	61,612	616,377,950
Profit for the year	-	-	-	-	-	-	-	-	282,653,024	9,765	282,662,789
Other comprehensive income/(loss) for the year	-	-	-	22,153,072	-	-	-	-	(335,161)	-	21,817,911
<b>Total comprehensive income for the year</b>	-	-	-	22,153,072	-	-	-	-	282,317,863	9,765	304,480,700
Contributions by and distributions to owners											
Purchase of treasury shares			(7,871,979)								(7,871,979)
Grant of shares under Performance Share Plan							12,181,393				12,181,393
Release of shares under Performance Share Plan		6,831,440	713,700				(7,545,140)				-
Dividends on ordinary shares									(285,750,356)		(285,750,356)
<b>Total transactions with owners in their capacity as owners</b>	-	6,831,440	(7,158,279)	-	-	-	4,636,253	-	(285,750,356)	-	(281,440,942)
<b>At 30 June 2015</b>	157,483,159	259,269,373	(7,926,631)	16,489,219	466,828	21,819	5,212,658	(119,765,286)	328,095,192	71,377	639,417,708

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



# Consolidated Statement of Cash Flows

For the financial year ended 30 June 2016

	Note	Group	
		2016 RM	2015 RM
<b>Operating activities</b>			
Profit before tax		300,219,136	306,829,202
<u>Adjustments for:</u>			
Amortisation of intangible assets	7, 12	13,441,922	11,163,035
Depreciation of property, plant and equipment	7, 11	3,005,608	2,001,592
Provision for foreseeable losses	7	2,203,506	-
Write off of property, plant and equipment	7	3,225	4,044
Net (gain)/loss on disposal of property, plant and equipment	5, 7	(49,984)	12,810
Gain on redemption of available-for-sale financial assets - money market fund	5	(920,016)	(1,668,429)
Impairment loss on financial assets - trade receivables	7	244,436	-
Bad debts written off	7	-	19,928
Reversal of impairment loss on trade receivables	5	(250,653)	(87,933)
Net unrealised foreign currency exchange gain	5	(14,611,668)	(2,384,388)
Allowance for unutilised leave	8	555,555	575,460
Allowance for defined benefit liabilities	8, 29	761,462	690,167
Fair value adjustment arising from subsequent measurement of contingent consideration for business combination	7, 5	13,401	(947,423)
Share of profit of associates and a joint venture		(1,848,470)	(5,527,279)
Gain on dilution of interest in an associate arising from Initial Public Offering	5, 14	-	(19,189,670)
Gain on dilution of interest in an associate arising from issuance of new shares pursuant to employee shares incentive plan	5, 14	(2,907,261)	-
Performance shares issued	8	8,154,596	12,181,393
Finance costs	6	1,110,406	1,866,922
Finance income	4	(2,140,757)	(3,343,275)
Total adjustments		6,765,308	(4,633,046)
Operating cash flows before changes in working capital		306,984,444	302,196,156
<u>Changes in working capital:</u>			
Trade and other receivables		(54,811,947)	20,651,241
Amounts due from/to customers for contract work-in-progress		(7,246,310)	(4,318,897)
Amounts due from/to related parties		(16,684,794)	22,170,716
Trade and other payables		11,674,794	(9,360,811)
Total changes in working capital		(67,068,257)	29,142,249
Cash flows from operations		239,916,187	331,338,405
Defined benefits paid	29	(142,804)	-
Income tax paid		(30,050,564)	(25,745,162)
Interest paid		(596,435)	(119,777)
Net cash flows from operating activities		209,126,384	305,473,466

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

## Consolidated Statement of Cash Flows (cont'd)

For the financial year ended 30 June 2016

	Note	Group	
		2016 RM	2015 RM
<b>Investing activities</b>			
Purchases of property, plant and equipment	(a)	(2,728,439)	(2,123,498)
Payments for software development expenditure	12	(642,781)	-
Payments for other intangible assets	12	(453,835)	(882,409)
Acquisition of subsidiaries, net of cash acquired	(b)	(68,972,422)	(13,226,240)
Advances to a joint venture	15	(235,254)	(31,551,197)
Purchases of available-for-sale financial assets - money market fund		(96,934,521)	(290,650,000)
Proceeds from disposal of property, plant and equipment		50,265	634,967
Proceeds from redemption of available-for-sale financial assets - money market fund		103,515,016	288,728,429
Capital contribution to an associate	14	-	(1,824,778)
Interest received		2,243,808	2,893,977
Dividend received from an associate		771,106	-
Net uplift of short-term deposits		3,714,373	117,450,887
Net cash flows (used in)/from investing activities		(59,672,684)	69,450,138
<b>Financing activities</b>			
Dividends paid	30	(257,508,843)	(285,750,356)
Purchase of treasury shares		(69,616,655)	(7,871,979)
Proceeds from revolving credit		137,648,900	-
Repayment of obligations under finance lease		(865,982)	(1,284,779)
Repayment of revolving credit and term loan		(61,798,500)	(335,394)
Net cash flows used in financing activities		(252,141,080)	(295,242,508)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(102,687,380)	79,681,096
Effects of exchange rate changes on cash and cash equivalents		11,828,496	14,969,511
<b>Cash and cash equivalents at beginning of year</b>		315,572,913	220,922,306
<b>Cash and cash equivalents at end of year</b>	21	224,714,029	315,572,913

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

## Consolidated Statement of Cash Flows (cont'd)

For the financial year ended 30 June 2016

(a) Additions of property, plant and equipment during the financial year were by way of:

	Group	
	2016 RM	2015 RM
Cash	2,728,439	2,123,498
Hire purchase	313,592	200,065
	3,042,031	2,323,563

(b) Acquisition of subsidiaries, net of cash acquired:

	Note	Group	
		2016 RM	2015 RM
Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri")	13(a)	52,114,822	-
Cyber Village Sdn. Bhd. ("CVSB")	13(b)	1,800,000	1,200,000
Merimen Ventures Sdn. Bhd. ("Merimen")	13(c)	15,057,600	12,026,240
		68,972,422	13,226,240

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



# Notes to the Financial Statements

For the financial year ended 30 June 2016

## 1. Corporate information

Silverlake Axis Ltd. (the Company) is an exempt company with limited liability and incorporated in Bermuda. The holding corporation is Intelligentsia Holding Ltd., a corporation incorporated in Bermuda.

The Company is listed on the Main Board of Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Lot 5.04, 5th Floor, Menara 1, Faber Towers, Jalan Desa Bahagia, Taman Desa, 58100 Kuala Lumpur, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of these activities during the financial year other than as disclosed in Note 36(iii).

## 2. Significant accounting policies

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial statements have been prepared on a historical cost basis, except as disclosed in the summary of significant accounting policies below. The financial statements are presented in Ringgit Malaysia ("RM").

The preparation of financial statements in conformity with IFRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.5.

### 2.2 New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. The Group has not early adopted any other standard, interpretation or amendment that has been issued but are not yet effective.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

#### 2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description		Effective for annual periods beginning on or after
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to IAS 27	Equity Method in Separate Financial Statements	1 January 2016
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants	1 January 2016
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to IAS 1	Disclosure Initiative	1 January 2016
Annual Improvements to IFRSs 2012 - 2014 Cycle		1 January 2016
IFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 7	Disclosure Initiative	1 January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 9	Financial Instruments	1 January 2018
IFRS 16	Leases	1 January 2019
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intends to adopt these standards when they become effective. The directors of the Company do not anticipate that the application of these standards and interpretations will have a significant impact on the Group's financial statements, except for those described below.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a five-step model that will apply to revenue from a contract with a customer (with limited exception), regardless of the type of revenue transaction or the industry.

##### The five-step model

Step 1: Identify the contract(s) with a customer

Step 2: Identify the separate performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the separate performance obligations

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The standard's requirements will also apply to the recognition and measurement of gains and losses on the sales of some non-financial assets that are not an output of the entity's ordinary activities (e.g. sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

The Group is currently assessing the impact that IFRS 15 will have on the Group's financial position and performance.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### **IFRS 9 Financial Instruments**

IASB issued the final version of IFRS 9 incorporating a new expected loss impairment model and introducing limited amendments to the classification and measurement requirements for financial asset. This version supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before 1 February 2015.

The Group is currently assessing the impact that IFRS 9 will have on the Group's financial position and performance.

#### 2.4 Summary of significant accounting policies

##### **(a) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2016.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (a) Basis of consolidation (cont'd)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

##### (b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at the fair value at the acquisition date and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the business combination. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of IAS 39, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (b) Business combinations and goodwill (cont'd)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

Expenditure incurred in relation to a common control combination is recognised as an expense in the period in which it is incurred. Such expenditure includes professional fees, registration fees and all other incidental expenses.

##### (c) Associates and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (c) Associates and joint venture (cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, then recognises the loss as 'Share of profit of associates and a joint venture' in the income statement.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

##### (d) Investments in subsidiaries, associates and joint venture

Investments in subsidiaries, associates and joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. Where an indication of impairment exists, the carrying amounts of the investments are assessed and written down immediately to its recoverable amount. The policy for recognition and measurement of impairment losses is in accordance with Note 2.4(o).

On disposal of investments in subsidiaries, associates and joint venture, the difference between net disposal proceeds and the carrying amounts of the investments are recognised in the Company's income statement.

##### (e) Transaction with non-controlling interests

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in the income statement of the Group and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Transactions with non-controlling interests 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 interests, 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 of non-controlling interests is recognised directly in equity.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (f) Foreign currency translation

The Group's consolidated financial statements are presented in Ringgit Malaysia, which is also the parent company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

##### (i) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange at the reporting date.

All differences arising on settlement or translation of monetary items are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

##### (ii) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Ringgit Malaysia at the rate of exchange prevailing at the reporting date and their income statements are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates at the dates of the transactions). The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in income statement.

Any goodwill arising on the acquisition of a foreign operation subsequent to 1 July 2010 and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

Prior to 1 July 2010, the Group treated goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition, as assets and liabilities of the parent. Therefore, those assets and liabilities are already expressed in the functional currency or are non-monetary items and no further translation differences occur.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

##### (i) Software licensing

Revenue from software licensing is recognised when there are no remaining obligations in accordance with the substance of the agreement. When there are no obligations subsequent to the delivery of the software source codes and the risks and rewards of ownership have been transferred, license fees are recognised upon transfer of title to the customer, which takes place after delivery and customer acceptance.

##### (ii) Software project services

Revenue relating to rendering of software project services is accounted for under the percentage of completion method. The stage of completion is measured by reference to the actual cost for work performed to date to the estimated total costs for each contract as disclosed in Note 2.4(h).

##### (iii) Maintenance and enhancement services

Revenue on maintenance and enhancement services is recognised over the contractual period or performance of services.

##### (iv) Sale of software and hardware products

Revenue relating to sale of software and hardware products is recognised upon delivery of products and customer acceptance, net of discounts.

##### (v) Credit and cards processing

Revenue on credit and cards processing is recognised upon the rendering of services to customers.

##### (vi) Insurance processing

Revenue on insurance processing is recognised upon the rendering of claim processing services.

##### (vii) Interest income

Interest income is recognised using the effective interest method.

##### (viii) Dividend income

Dividend income is recognised when the right to receive payment is established.

##### (ix) Commission income

Commission income is recognised as earned when the right to receive the commission is established.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (h) Income recognition on contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, when the outcome of a contract can be estimated reliably. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the contract is recognised as an expense immediately when it is probable that total contract costs will exceed total revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

The stage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Contract costs include staff costs, allowances and other directly attributable costs.

##### (i) Borrowing costs

Borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

##### (j) Taxes

###### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

###### Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or 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; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (j) Taxes (cont'd)

###### Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference 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; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date 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 asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 reporting date.

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 either in other comprehensive income or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or in profit or loss.

###### Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- when the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (j) Taxes (cont'd)

###### Goods and Service Tax ("GST")

The net amount of GST being the difference between output and input of GST, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

##### (k) Current versus non-current classification

The Group presents assets and liabilities in statements of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

##### (l) Property, plant and equipment

###### (i) Measurement

###### Land

Land is initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses.

###### Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

###### Components of costs

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (l) Property, plant and equipment (cont'd)

###### (ii) Depreciation

Freehold land has unlimited useful life and therefore is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The principal annual depreciation rates are as follows:

Furniture and fittings	10% - 20%
Motor vehicles	15%
Office equipment	10% - 33%

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed at each reporting date and adjusted prospectively, if appropriate.

###### (iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expense is recognised in the income statement when incurred.

###### (iv) Disposal

An item of property, plant and equipment and any significant part initially recognised 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 (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

##### (m) Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

###### Group as a lessee

Finance leases that transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the income statement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the income statement on a straight-line basis over the lease term.



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (m) Leases (cont'd)

###### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of an asset 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. Contingent rents are recognised as revenue in the period in which they are earned.

##### (n) Intangible assets

###### (i) Software development expenditure

Software development expenditure comprises purchased software, manpower and related overhead incurred directly in the development of computer software. Software development expenditures are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the ability to measure reliably the expenditure during development; and
- the ability to use the intangible asset generated.

Following initial recognition of the software development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit (to the maximum of 10 years), at the principal annual amortisation rate of 10% to 20%. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Software development expenditures which are not or have ceased to be commercially viable are written off. The policy for recognition and measurement of impairment losses is in accordance with Note 2.4(o).

###### (ii) Other intangible assets

Other intangible assets of the Group comprise purchased software, proprietary software, customer relationship and customer contracts.

Other intangible assets acquired separately are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding software development expenditures, are not capitalised and expenditure is reflected in the income statement in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (n) Intangible assets (cont'd)

##### (ii) Other intangible assets (cont'd)

Other intangible assets with finite lives are amortised over the economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible assets.

Other intangible assets of the Group are amortised on a straight-line basis over their estimated economic useful lives, as follows:

Purchased software	10 years
Proprietary software	10 years
Customer relationship	2 - 12 years
Customer contracts	2 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

##### (o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The value in use calculation is based on a Discounted Cash Flows ("DCF") model. In assessing value in use, the estimated future cash flows 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. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis (Note 2.5).

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (o) Impairment of non-financial assets (cont'd)

For assets excluding goodwill, an assessment is made at each reporting date whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGUs' recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement.

The following assets have specific characteristics for impairment testing:

##### **Goodwill**

Goodwill is tested for impairment annually (as at 30 June) and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

##### (p) Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### (i) Financial assets

###### **Initial recognition and measurement**

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

The Group's financial assets include loans and receivables financial assets, which include cash and short-term deposits, trade and other receivables, amounts due from related parties and loans; and available-for-sale financial assets.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (p) Financial instruments – Initial recognition and subsequent measurement (cont'd)

###### (i) Financial assets (cont'd)

###### Subsequent measurement

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (“EIR”) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs for loans and in cost of sales or other operating expenses for receivables.

- **Available-for-sale (“AFS”) financial assets**

AFS financial assets are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the income statement in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intention to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (p) Financial instruments – Initial recognition and subsequent measurement (cont'd)

##### (i) Financial assets (cont'd)

###### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

##### (ii) Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

###### Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (p) Financial instruments – Initial recognition and subsequent measurement (cont'd)

##### (ii) Impairment of financial assets (cont'd)

##### Financial assets carried at amortised cost (cont'd)

If there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the income statement.

##### AFS financial assets

For AFS financial assets, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from OCI and recognised in the income statement. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the income statement, the impairment loss is reversed through the income statement.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (p) Financial instruments – Initial recognition and subsequent measurement (cont'd)

###### (ii) Impairment of financial assets (cont'd)

###### Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

###### (iii) Financial liabilities

###### Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus, in the case of loans and borrowings, directly attributable transaction costs.

The Group's financial liabilities are loans and borrowings, which include trade and other payables, amounts due to related parties, and loans and borrowings.

###### Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the income statement.

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

###### (iv) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if:

- there is a currently enforceable legal right to offset the recognised amounts; and
- there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (q) Fair value measurement

The Group measures financial instruments at fair value at each reporting date.

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 to by the Group.

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses 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, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines 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 end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. The methods and assumptions used to estimate the fair values of the Group's and the Company's financial instruments are disclosed in Note 33(e).

##### (r) Cash and bank balances

Cash and bank balances in the statements of financial position comprise cash at banks and on hand and short-term deposits.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits with a maturity of three months or less, net of pledged deposits and outstanding bank overdrafts.



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (s) Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against the share capital.

##### (t) Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

No gain or loss is recognised in the income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them.

##### (u) Share-based payment transactions

###### Equity-settled transactions - Performance share plan ("PSP")

Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions). The cost of equity-settled transactions is measured by reference to the fair value of shares at the date when the award is granted using an appropriate valuation model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in the PSP reserve in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transaction for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the performance shares are released on the release date, the PSP reserve is transferred to share capital if new shares are issued, or to treasury shares if the performance shares are satisfied by the reissuance of treasury shares.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of performance shares awarded but not yet vested is reflected as additional share dilution in the computation of diluted earnings per share.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (v) Provisions

###### General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

Provisions are reviewed at each reporting date 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.

###### Contingent liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of:

- the amount that would be recognised in accordance with the general requirements for provisions above; or
- the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

##### (w) Employee benefits

###### (i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Employees' Provident Fund on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The Group's contributions are recognised as employee compensation expense in the period in which the related service is performed, unless they can be capitalised as an asset.

###### (ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

##### (x) Defined benefit plans

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (x) Defined benefit plans (cont'd)

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements, comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability), are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

##### (y) Related parties

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Group and the Company if that person:
  - (1) Has control or joint control over the Company;
  - (2) Has significant influence over the Company; or
  - (3) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### (y) Related parties (cont'd)

A related party is defined as follows: (cont'd)

- (ii) An entity is related to the Group and the Company if any of the following condition applies:
- (1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (2) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (3) Both entities are joint ventures of the same third party.
  - (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or any entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
  - (6) The entity is controlled or jointly controlled by a person identified in (i).
  - (7) A person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

##### (z) Contingencies

A contingent liability is:

- (i) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (ii) A present obligation that arises from past events but is not recognised because:
- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - the amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised in the statements of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

##### (aa) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

#### 2.5 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

##### Key sources of estimation uncertainty

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

##### (a) Percentage of completion for software project services

The Group uses the percentage of completion method in accounting for its contract revenue for rendering of software project services where it is probable that contract costs are recoverable. The stage of completion is measured by reference to the contract costs incurred to date bear to the estimated total costs for the contract.

Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred and the estimated total contract costs, as well as the recoverability of the contract costs. In making the judgement, the Group evaluates based on its past experience of similar types of contracts.

##### Sensitivity analysis on the estimated remaining contract costs

If the estimated remaining contract costs (excluding sub-contractor fees) for material contracts vary by 10%, the net profit of the Group will decrease by approximately RM89,000 (2015: RM554,000).

##### (b) Capitalisation and amortisation of software development expenditure

The Group capitalised costs relating to the development and enhancement of its new and existing products respectively, upon meeting all the criteria for capitalisation as disclosed in Note 2.4(n)(i). Amortisation, which commences upon commercialisation or sale of products, is recognised in the income statement based on a straight-line basis over the products' estimated economic lives of 5 to 10 years. The Group reviews the amortisation period and amortisation method at least once a year.

However, if there are indications that the products are unable to meet expected future cash flow, immediate impairment loss would be recognised.

##### Sensitivity analysis on economic lives of software development expenditure

If the economic lives of these intangible assets vary by 1 year from management's estimates, the Group's amortisation will vary as follows:

	Group	
	2016 RM	2015 RM
If economic lives increase by 1 year: Decrease in amortisation	251,892	114,006
If economic lives decrease by 1 year: Increase in amortisation	(307,868)	(139,341)

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### Key sources of estimation uncertainty (cont'd)

##### (c) Impairment of intangible assets and goodwill

An impairment exist when the carrying value of an asset or cash-generating unit ("CGU") exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in arm's length transactions of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group has not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

##### Sensitivity analysis on discount rate and growth rate used

The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are further explained in Note 12.

##### (d) Impairment of investments in subsidiaries and loan to a subsidiary

The Company assesses, at each reporting date, whether there is an indication that the investments in subsidiaries and loan to a subsidiary may be impaired. Where an indication of impairment exists, recoverable value is assessed based on an estimate of the value in use of the subsidiaries. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the subsidiaries and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries and loan to a subsidiary at 30 June 2016 are RM1,894,873,593 and RM9,424,643 (2015: RM1,827,788,044 and RM12,014,683) respectively.

The carrying value of the Company's investments in subsidiaries and loan to a subsidiary have been tested by discounting the total estimated future cash flows of the subsidiaries' business using discount rate ranging from 13% to 20% (2015: 15% to 21.5%) and growth rate from 0% to 5% (2015: 0% to 5%) varying in accordance to country and industry. In the current financial year, impairment loss of RM4,284,000 (2015: Nil) (Note 13) and RM11,415,000 (2015: RM6,739,000) (Note 19) have been recognised on investments in subsidiaries and loan to a subsidiary respectively.

##### Sensitivity analysis on discount rate and growth rate used

On the basis that all other assumptions in calculation remain constant, an increase of 1% in discount rate and decrease of 1% in growth rate would result in additional impairment in the Company's statement of financial position, as follows:

	Potential impairment			
	Discount rate increase by 1%		Growth rate decrease by 1%	
	2016 RM	2015 RM	2016 RM	2015 RM
QR Technology Sdn. Bhd.	8,769,000	7,597,000	5,479,000	4,030,000
Silverlake Japan Ltd	1,704,000	8,783,000	-	-
	10,473,000	16,380,000	5,479,000	4,030,000

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### Key sources of estimation uncertainty (cont'd)

##### (e) Fair value adjustment arising from subsequent measurement of contingent consideration for business combination

Contingent consideration, resulting from business combinations, is valued at fair value at the acquisition date as part of the consideration transferred for business combination. The determination of the fair value is based on the discounted cash flows. The key assumptions take into consideration the probability of meeting the performance target and discount factor. As part of the accounting for the acquisition of Merimen Ventures Sdn. Bhd., contingent consideration with an estimated fair value of RM36,112,762 was recognised at the acquisition date. The carrying amount of the contingent consideration payable at the end of the previous reporting date is disclosed in Note 28 to the financial statements. This contingent consideration had been fully settled by cash during the financial year.

##### Sensitivity analysis on discount rate used to estimate the fair value of contingent consideration

If the discount rate used in estimation of the fair value of the contingent consideration vary by 1% from management's estimates, the Group's and the Company's contingent consideration for business combination will vary as follows:

	Group and Company	
	2016 RM	2015 RM
If discount rate increase by 1%: Decrease in contingent consideration	-	33,965
If discount rate decrease by 1%: Increase in contingent consideration	-	(34,360)

##### (f) Impairment of loans and receivables

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

If trade receivables past due over 5 months are estimated to be not recoverable, there will be an impairment loss of RM52,160,363 (2015: RM3,826,006).

The Company's loan to a subsidiary has been tested by discounting the total estimated future cash flows of the subsidiary's business using a discount rate of 20% (2015: 20%). During the financial year, an impairment loss of RM11,415,000 (2015: RM6,739,000) (Note 19) has been recognised on loan to a subsidiary in the Company's statement of financial position. The sensitivity analysis on the discount rate and growth rate used are disclosed in Note 2.5(d).

The carrying amount of the Group's and the Company's loans and receivables at the reporting date is disclosed in Note 17 and the assessment of credit risk is disclosed in Note 33(c).

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### Key sources of estimation uncertainty (cont'd)

###### (g) Impairment of investment in an associate

Management has assessed the carrying value of investment in an associate for potential impairment. The carrying value is supported through a valuation determined by discounting the total estimated future cash flows of the business at 15% (2015: 15%). In the current financial year, impairment loss of RM747,600 (2015: Nil) has been recognised on investments in associates in the Company's statement of financial position.

###### Sensitivity analysis on discount rate used

On the basis that all other assumptions in the calculation remain constant, an increase of 1% in discount rate would result in a change to the total estimated future cash flows of the business of the associate which would then result in a potential impairment of RM33,000 (2015: RM20,000) against the Company's carrying value of investments in associates.

###### (h) Impairment of interest in a joint venture

Management has assessed the carrying value of interest in a joint venture for potential impairment. The carrying value is supported through a valuation determined by reference to Volume Weighted Average Price ("VWAP") for the past twelve months on the basis that the shares are thinly traded and volatile. Based on the assessment, no impairment loss was recognised in the current and previous financial year.

###### Sensitivity analysis on VWAP used

On the basis that all other assumptions in the calculation remain constant, a decrease in VWAP by NZD0.1 would result in a change to the recoverable amount which would then result in a potential impairment of RM988,000 (2015: Nil) against the Company's carrying value of interest in a joint venture.

###### (i) Income and deferred tax

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimates of assessment of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The Group has RM612,653 (2015: RM556,813) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have no taxable temporary differences nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group was able to recognise these unrecognised deferred tax assets, profit and equity would have increased by RM129,585 (2015: RM120,093). Further details on taxes are disclosed in Note 9 and Note 27.



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 2. Significant accounting policies (cont'd)

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

##### Key sources of estimation uncertainty (cont'd)

###### (j) Defined benefit plans

The cost of defined benefit pension plans as well as the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds in the respective currencies with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are disclosed in Note 29.

##### Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgement, which have significant effect on the amounts recognised in the consolidated financial statements.

###### (a) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the environment in which the entities operate and the entities' process of determining sales prices.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 3. Revenue

	Group	
	2016 RM	2015 RM
<b>Sale of goods</b>		
Sale of software and hardware products	16,728,382	6,216,172
Software licensing	127,903,481	131,754,872
	144,631,863	137,971,044
<b>Rendering of services</b>		
Software project services	100,133,849	59,779,121
Maintenance and enhancement services	346,169,980	283,316,190
Credit and cards processing	20,101,583	14,322,063
Insurance processing	25,245,032	20,654,734
	491,650,444	378,072,108
<b>Total revenue</b>	<b>636,282,307</b>	<b>516,043,152</b>

### 4. Finance income

	Group	
	2016 RM	2015 RM
Interest income from deposits with licensed banks	2,005,729	3,080,479
Unwinding of discount on amount due from customers (receivables) *	135,028	262,796
<b>Total finance income</b>	<b>2,140,757</b>	<b>3,343,275</b>

\* This represents unwinding of discount on software project contracts with deferred billing arrangements.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 5. Other income

	Group	
	2016 RM	2015 RM
Net foreign currency exchange gain:		
- Realised	-	3,858,953
- Unrealised	14,611,668	2,384,388
Net gain on disposal of property, plant and equipment	49,984	-
Commission income and other incentives	214,150	84,253
Rental income of office premises	216,583	115,532
Fair value adjustment arising from subsequent measurement of contingent consideration for business combination (Note 13(c))	-	947,423
Reversal of impairment loss on trade receivables (Note 33(c))	250,653	87,933
Gain on redemption of available-for-sale financial assets - money market fund	920,016	1,668,429
Gain on dilution of interest in an associate arising from:		
- Initial Public Offering (Note 14)	-	19,189,670
- Issuance of new shares pursuant to employee shares incentive plan (Note 14)	2,907,261	-
Miscellaneous income	499,871	319,182
<b>Total other income</b>	<b>19,670,186</b>	<b>28,655,763</b>

### 6. Finance costs

	Group	
	2016 RM	2015 RM
Interest expense on:		
- Term loan	-	9,034
- Revolving credit	521,811	-
- Obligations under finance leases	74,624	110,743
	596,435	119,777
Unwinding of discount on other payables (non-current):		
- Deferred consideration payable	38,661	107,190
- Contingent consideration for business combination	278,606	1,324,921
Unwinding of discount on amount due to customers (payables) *	196,704	315,034
<b>Total finance costs</b>	<b>1,110,406</b>	<b>1,866,922</b>

\* This represents unwinding of discount on sub-contracted software projects with deferred billing arrangements.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2016 RM	2015 RM
Amortisation of intangible assets (Note 12)	13,441,922	11,163,035
Depreciation of property, plant and equipment (Note 11)	3,005,608	2,001,592
Write off of property, plant and equipment	3,225	4,044
Net loss on disposal of property, plant and equipment	-	12,810
Impairment loss on financial assets - trade receivables (Note 33(c))	244,436	-
Provision for foreseeable losses	2,203,506	-
Bad debts written off	-	19,928
Net realised foreign currency exchange loss	8,179,433	-
Directors' fees	2,901,659	1,338,513
Employee benefits expense (Note 8)	167,529,009	116,093,566
Fair value adjustment arising from subsequent measurement of contingent consideration for business combination (Note 13(c))	13,401	-
Audit fees:		
- Auditors of the Company	865,488	757,321
- Other auditors	619,001	232,890
Non-audit fees:		
- Auditors of the Company	744,023	138,117
- Other auditors	175,325	39,118
Operating lease expenses (Note 32(b))	6,593,871	3,329,690

Total software project costs (including employee benefits expense) amounted to RM53,775,386 (2015: RM43,995,648).

### 8. Employee benefits expense (including directors' remuneration)

	Group	
	2016 RM	2015 RM
Wages and salaries	143,751,622	93,570,479
Defined contribution plans	12,668,821	8,057,739
Defined benefit obligation (Note 29)	761,462	690,167
Performance shares issued (Note 22(d))	8,154,596	12,181,393
Allowance for unutilised leave	555,555	575,460
Other employee benefits	2,301,128	1,103,908
	168,193,184	116,179,146
Less: Capitalised under intangible assets (Note 12)	(642,781)	-
Less: Capitalised under contract work-in-progress (Note 16)	(21,394)	(85,580)
	167,529,009	116,093,566

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 9. Income tax expense

	Group	
	2016 RM	2015 RM
Current income tax:		
- Malaysia	7,120,837	5,949,976
- Singapore	4,143,021	4,058,354
- Thailand	527,442	535,749
- Brunei	1,237,331	1,202,888
- Indonesia	1,413,052	1,103,333
- Philippines	1,010,934	510,153
- Others	10,121	8,845
	15,462,738	13,369,298
Deferred tax (Note 27)		
- Origination and reversal of temporary differences	(2,268,363)	2,383,924
(Over)/Under provision in prior financial years:		
- Income tax	(59,627)	95,701
- Deferred tax (Note 27)	26,665	(109,496)
	(32,962)	(13,795)
Income tax expense for the year	13,161,413	15,739,427
Foreign and withholding tax	13,200,885	8,426,986
	26,362,298	24,166,413

The corporate income tax rates applicable to companies within the Group are as follows:

	2016	2015
Malaysia	24%	25%
Singapore	17%	17%
Thailand	20%	20%
Brunei	19%	19%
Indonesia	25%	25%
Philippines	30%	30%
China	25%	25%
Hong Kong	17%	17%
New Zealand	28%	28%
Czech Republic	19%	-
United Kingdom	20%	-
Slovakia	22%	-

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 9. Income tax expense (cont'd)

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 30 June 2016 and 2015 are as follows:

	Group	
	2016 RM	2015 RM
Profit before tax	300,219,136	306,829,202
Tax calculated at a tax rate of:		
- Malaysia 24% (2015: 25%)	30,524,005	37,037,762
- Singapore 17% (2015: 17%)	4,062,356	2,146,694
- Thailand 20% (2015: 20%)	1,123,874	1,459,011
- Brunei 19% (2015: 19%)	1,319,139	1,273,085
- Indonesia 25% (2015: 25%)	1,277,521	896,976
- Philippines 30% (2015: 30%)	862,861	569,240
- China 25% (2015: 25%)	1,264,564	6,537,267
- Hong Kong 17% (2015: 17%)	(2,052)	(1,602)
- New Zealand 28% (2015: 28%)	(84,707)	(400,994)
- Czech Republic 19% (2015: Nil)	(109,176)	-
- United Kingdom 20% (2015: Nil)	(4,393)	-
- Slovakia 22% (2015: Nil)	(310,627)	-
Tax effect of:		
- Share of profit of associates and a joint venture	(693,653)	(1,338,856)
- Partial exemption and tax relief	(1,207,864)	(841,469)
- Exempted income under pioneer status <sup>1</sup>	(24,698,333)	(31,770,829)
- Exempted income under promotional privileges <sup>2</sup>	(590,821)	(952,630)
- Exempted income under increase in value of export incentive <sup>3</sup>	-	(59,453)
- Expenses not deductible for tax purposes	5,216,859	4,282,937
- Income not subject to tax	(4,486,795)	(7,115,447)
- Tax rebates	(73,866)	(58,280)
- Enhanced capital allowances	(36,890)	(16,701)
- Change in tax rate	-	19,617
Deferred tax assets unrecognised	5,686	48,740
Deferred tax liability on undistributed profits of an associate and a subsidiary (Note 27)	967,548	4,158,566
Utilisation of tax losses previously not recognised	(1,103,938)	-
Utilisation of bilateral tax credit	(26,923)	(120,412)
(Over)/Under provision of income tax in prior financial years	(59,627)	95,701
Under/(Over) provision of deferred tax in prior financial years	26,665	(109,496)
Income tax expense for the year	13,161,413	15,739,427
Foreign and withholding tax	13,200,885	8,426,986
	26,362,298	24,166,413

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction and eliminating intra-group transactions.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 9. Income tax expense (cont'd)

Two Bermuda subsidiaries of the Group, Silverlake Adaptive Applications & Continuous Improvement Services Ltd. ("SAACIS") and Silverlake Solutions Ltd. ("SSL"), have obtained exemption from the Ministry of Finance, Bermuda, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, thus no taxes shall be applicable on all income derived by SAACIS and SSL.

1. Three Malaysian subsidiaries of the Group, Silverlake Axis MSC Sdn. Bhd. ("SAMSC"), Merimen Online Sdn. Bhd. ("MOSB") and Silverlake Structured Services Sdn. Bhd. ("SSVC"), are Multimedia Super Corridor Status Companies and enjoy the incentives, rights and privileges provided for under the Bill of Guarantees.

The pioneer status of SAMSC, MOSB and SSSVC was extended for a period of five years effective from 1 November 2012, 29 June 2013 and 13 August 2014 respectively.

2. A Thailand subsidiary of the Group, Silverlake Structured Services Ltd., was granted promotional privileges approved by the Board of Investment under Thai Investment Promotion Act B.E. 2520, for Enterprise software and Digital content, under Certificate No. 2010(7)/2552 dated 23 December 2009 for a period of 8 years.
3. A Malaysian subsidiary of the Group, QR Retail Automation (Asia) Sdn. Bhd., qualifies for exemption on income for value of increased export of services under Income Tax Act, 1967 (Exemption) (No. 2) 2001 - P.U. (A) 154 and No. 9 (2002), P.U. (A) 57 and (Amendment) 2006 - P.U. (A) 275, for services rendered to foreign customers.

### 10. Earnings per share

#### Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the Group's net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the Group's net profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Group	
	2016	2015 Restated <sup>1</sup>
Profit net of tax attributable to owners of the parent (RM)	273,848,019	282,653,024
Weighted average number of ordinary shares for basic earnings per share computation *	2,657,553,863	2,684,923,115
Basic earnings per share (RM sen)	10.30	10.53
Weighted average number of ordinary shares for diluted earnings per share computation	2,657,553,863	2,685,887,499**
Diluted earnings per share (RM sen)	10.30	10.52

<sup>1</sup> The weighted average number of shares used for the per share calculations have been adjusted to account for the bonus shares issued on 8 July 2015 (Note 22(a)(ii)), where retrospective adjustment is required in accordance with IAS 33 Earnings Per Share.

\*

The weighted average number of shares has taken into account the weighted average effect of changes in ordinary shares and treasury shares transactions during the financial year.

\*\*

The weighted average number of shares has taken into account the weighted average effect of dilution shares under Silverlake Axis Ltd. Performance Share Plan ("PSP") of 964,384 shares.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 11. Property, plant and equipment

Group	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Total RM
<b>At 30 June 2016</b>					
<b>Cost</b>					
At 1 July 2015	7,153,765	5,278,658	3,535,316	6,346,262	22,314,001
Acquisition of a subsidiary (Note 13(a))	-	938,981	-	1,806,554	2,745,535
Additions	-	545,206	606,885	1,889,940	3,042,031
Disposals	-	-	(147,809)	(1,639)	(149,448)
Written off	-	(2,383,738)	-	(49,494)	(2,433,232)
Transfer (Note a)	-	-	(406,910)	-	(406,910)
Currency translation differences	-	1,011,571	91,395	470,027	1,572,993
At 30 June 2016	7,153,765	5,390,678	3,678,877	10,461,650	26,684,970
<b>Accumulated depreciation</b>					
At 1 July 2015	-	3,623,554	2,025,277	3,796,599	9,445,430
Charge for the year (Note 7)	-	878,463	523,805	1,603,340	3,005,608
Disposals	-	-	(147,809)	(1,358)	(149,167)
Written off	-	(2,383,738)	-	(46,269)	(2,430,007)
Transfer (Note a)	-	-	(345,873)	-	(345,873)
Currency translation differences	-	576,643	35,143	225,856	837,642
At 30 June 2016	-	2,694,922	2,090,543	5,578,168	10,363,633
<b>Net carrying amount</b>	7,153,765	2,695,756	1,588,334	4,883,482	16,321,337



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 11. Property, plant and equipment (cont'd)

Group	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Total RM
<b>At 30 June 2015</b>					
<b>Cost</b>					
At 1 July 2014	7,153,765	3,863,914	3,978,971	8,448,675	23,445,325
Additions	-	1,469,554	249,394	604,615	2,323,563
Disposals	-	(38,430)	(796,679)	(2,436,829)	(3,271,938)
Written off	-	-	-	(233,678)	(233,678)
Currency translation differences	-	(16,380)	103,630	(36,521)	50,729
At 30 June 2015	7,153,765	5,278,658	3,535,316	6,346,262	22,314,001
<b>Accumulated depreciation</b>					
At 1 July 2014	-	3,413,522	1,599,593	5,330,445	10,343,560
Charge for the year (Note 7)	-	276,491	561,274	1,163,827	2,001,592
Disposals	-	(25,620)	(172,614)	(2,425,927)	(2,624,161)
Written off	-	-	-	(229,634)	(229,634)
Currency translation differences	-	(40,839)	37,024	(42,112)	(45,927)
At 30 June 2015	-	3,623,554	2,025,277	3,796,599	9,445,430
<b>Net carrying amount</b>	<b>7,153,765</b>	<b>1,655,104</b>	<b>1,510,039</b>	<b>2,549,663</b>	<b>12,868,571</b>

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 11. Property, plant and equipment (cont'd)

Company	Office equipment RM
<b>At 30 June 2016</b>	
<b>Cost</b>	
At 1 July 2015/30 June 2016	32,363
<b>Accumulated depreciation</b>	
At 1 July 2015	31,599
Charge for the year	764
At 30 June 2016	32,363
<b>Net carrying amount</b>	-
<b>At 30 June 2015</b>	
<b>Cost</b>	
At 1 July 2014/30 June 2015	32,363
<b>Accumulated depreciation</b>	
At 1 July 2014	28,178
Charge for the year	3,421
At 30 June 2015	31,599
<b>Net carrying amount</b>	764

#### **(a) Transfer of asset**

During the financial year, a motor vehicle with net carrying amount of RM61,037 was transferred to a director of a subsidiary as retirement gratuity. The amount is included in the "other employee benefits" in Note 8.

#### **Assets held under finance leases**

During the financial year, the Group acquired motor vehicles and office equipment with an aggregate cost of RM313,592 (2015: RM200,065) by means of finance leases.

The carrying amount of property, plant and equipment of the Group held under finance leases as at the reporting date were RM2,455,016 (2015: RM2,738,266).

Leased assets are pledged as security for the related finance lease liabilities.

#### **Assets pledged as security for borrowings**

In addition to assets held under finance leases, freehold land of a subsidiary with a carrying amount of RM7,153,765 (2015: RM7,153,765) is pledged to secure term loan and overdraft facilities of a subsidiary (Note 25). The term loan had been fully settled in the previous financial year.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 12. Intangible assets

Group	Software development expenditure RM	Purchased software RM	Proprietary software RM	Customer relationship RM	Customer contracts RM	Goodwill RM	Total RM
<b>At 30 June 2016</b>							
<b>Cost</b>							
At 1 July 2015	59,796,572	35,182,665	54,196,022	13,404,000	2,016,000	89,940,433	254,535,692
<b>Additions</b>							
- internal development	642,781	-	-	-	-	-	642,781
- purchased	-	453,835	-	-	-	-	453,835
Acquisition of a subsidiary (Note 13(a))	19,597,005	3	8,228,715	6,243,163	-	17,830,180	51,899,066
Currency translation differences	587,372	5,752,186	1,222,151	(522,323)	-	430,261	7,469,647
At 30 June 2016	80,623,730	41,388,689	63,646,888	19,124,840	2,016,000	108,200,874	315,001,021
<b>Accumulated amortisation</b>							
At 1 July 2015	49,723,565	24,244,338	16,892,210	3,155,950	2,016,000	-	96,032,063
Charge for the year (Note 7)	2,770,815	2,802,430	6,124,283	1,744,394	-	-	13,441,922
Currency translation differences	2,130,283	4,579,660	816,136	(10,231)	-	-	7,515,848
At 30 June 2016	54,624,663	31,626,428	23,832,629	4,890,113	2,016,000	-	116,989,833
<b>Accumulated impairment loss</b>							
At 1 July 2015/ 30 June 2016	2,135,984	-	-	-	-	-	2,135,984
<b>Net carrying amount</b>	<b>23,863,083</b>	<b>9,762,261</b>	<b>39,814,259</b>	<b>14,234,727</b>	<b>-</b>	<b>108,200,874</b>	<b>195,875,204</b>

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 12. Intangible assets (cont'd)

Group	Software development expenditure RM	Purchased software RM	Proprietary software RM	Customer relationship RM	Customer contracts RM	Goodwill RM	Total RM
<b>At 30 June 2015</b>							
<b>Cost</b>							
At 1 July 2014	54,687,328	32,062,398	51,803,923	13,404,000	2,016,000	87,534,065	241,507,714
Additions							
- purchased	-	882,409	-	-	-	-	882,409
Currency translation differences	5,109,244	2,237,858	2,392,099	-	-	2,406,368	12,145,569
At 30 June 2015	59,796,572	35,182,665	54,196,022	13,404,000	2,016,000	89,940,433	254,535,692
<b>Accumulated amortisation</b>							
At 1 July 2014	43,360,256	20,992,224	10,754,978	1,746,225	1,008,000	-	77,861,683
Charge for the year (Note 7)	1,254,065	2,268,798	5,222,447	1,409,725	1,008,000	-	11,163,035
Currency translation differences	5,109,244	983,316	914,785	-	-	-	7,007,345
At 30 June 2015	49,723,565	24,244,338	16,892,210	3,155,950	2,016,000	-	96,032,063
<b>Accumulated impairment loss</b>							
At 1 July 2014/ 30 June 2015	2,135,984	-	-	-	-	-	2,135,984
<b>Net carrying amount</b>	<b>7,937,023</b>	<b>10,938,327</b>	<b>37,303,812</b>	<b>10,248,050</b>	<b>-</b>	<b>89,940,433</b>	<b>156,367,645</b>

#### **Software development expenditure**

Included in software development expenditure capitalised during the financial year is employee benefits expense amounted to RM642,781 (2015: Nil) (Note 8).

#### **Purchased software**

Purchased software represents mainly software acquired from third parties for enhancing front-end customer interaction software components and expansion of the capabilities of the Group's existing software solutions.

#### **Proprietary software**

Proprietary software represents software acquired through the acquisition of Silverlake Symmetri (Singapore) Pte. Ltd. (formerly known as ("f.k.a") SunGard Ambit (Singapore) Pte. Ltd.) ("Symmetri") Group (Note 13(a)) during the financial year, Cyber Village Sdn. Bhd. ("CVSB") (Note 13(b)), Merimen Group (Note 13(c)) and Symmetric Payments & Integration Holdings Pte. Ltd. (f.k.a Isis International Pte. Ltd.) ("SPI") Group in prior years.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 12. Intangible assets (cont'd)

#### **Customer relationship**

Customer relationship acquired through:

- (i) the acquisition of Symmetri Group during the financial year (Note 13(a)) represents the relationships exist between Symmetri Group and its major recurring customers in Malaysia and Singapore as at the acquisition date;
- (ii) the acquisition of CVSB in financial year 2014 (Note 13(b)) represents the relationships exist between CVSB and its major recurring banking customers in Malaysia as at the acquisition date; and
- (iii) the acquisition of Merimen Group in financial year 2013 (Note 13(c)) represents the relationships exist between Merimen Group and its major recurring customers in Malaysia, Singapore and Indonesia as at the acquisition date.

#### **Customer contracts**

Customer contracts acquired through the acquisition of CVSB in financial year 2014 (Note 13(b)) represents software licensing and software project services contracts entered by CVSB with its major banking customers.

#### **Goodwill**

Goodwill represents the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed arising from the acquisition of Symmetri Group (Note 13(a)), CVSB (Note 13(b)), Merimen Group (Note 13(c)) and SPI Group.

Goodwill acquired through business combinations has been allocated to four cash-generating units ("CGUs"), as follows:

	2016 RM	2015 RM
Payments and integration solution	30,936,069	29,014,078
Insurance processing solution	37,894,012	37,894,012
Mobile and internet solution	23,032,343	23,032,343
Silverlake Symmetri retail banking solution	16,338,450	-
	108,200,874	89,940,433

#### **Amortisation expense**

The amortisation of intangible assets (other than goodwill) of RM13,441,922 (2015: RM11,163,035) (Note 7) is included in the cost of sales line item in the consolidated income statement.

#### **Impairment testing**

The carrying value of intangible assets (other than goodwill) is expected to be recovered from the probable future economic benefits that are expected to be generated from the commercial exploitation of these intangible assets. The remaining amortisation period at financial year end is less than 9 years (2015: less than 9 years).

#### **Impairment testing for goodwill**

The recoverable amounts of the CGUs have been determined based on value in use calculations using projected cash flows from financial budgets approved by management covering a five-year period. The discount rates applied to the cash flow projections and the forecast growth rates used to extrapolate the cash flows beyond the five-year period are as follows:

	Payments and integration solution		Insurance processing solution		Mobile and internet solution		Silverlake Symmetri retail banking solution	
	2016	2015	2016	2015	2016	2015	2016	2015
Discount rate	15%	21.5%	15%	15%	15%	15%	13%	N/A
Growth rate	5%	5%	5%	5%	5%	5%	2%	N/A

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 12. Intangible assets (cont'd)

#### **Impairment testing for goodwill (cont'd)**

*Discount rate* - Discount rate represents the current market assessment of the risks specific to each CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both cost of debt and cost of equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

*Growth rate* - Rate is based on management expectation of the long-term average growth rate of the industry.

The Group tests goodwill, proprietary software, customer relationship and customer contracts for impairment by assessing the underlying cash-generating units. Based on this, no impairment loss was recognised during the financial year.

#### **Sensitivity to changes in assumptions**

Management believes that no reasonable possible change in any of the above key assumptions would cause the recoverable amount to be materially lower than its carrying value.

### 13. Investments in subsidiaries

	Company	
	2016 RM	2015 RM
<b>Shares at cost, unquoted</b>		
At beginning of the year	1,827,788,044	1,827,788,044
Acquisition of a subsidiary by way of cash (Note a)	71,369,549	-
At end of the year	1,899,157,593	1,827,788,044
<b>Accumulated impairment</b>		
At beginning of the year	-	-
Impairment loss	(4,284,000)	-
At end of the year	(4,284,000)	-
<b>Carrying amount</b>	1,894,873,593	1,827,788,044

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 13. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows:

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held	
			2016 %	2015 %
<b>Held by the Company:</b>				
Silverlake Axis Sdn. Bhd. *	Rendering of software project services and maintenance services	Malaysia	100	100
Silverlake Adaptive Applications & Continuous Improvement Services Ltd. ("SAACIS") *	Software licensing and the rendering of enhancement services	Bermuda	100	100
Silverlake Japan Ltd ^	Provision of credit and debit cards payment processing services	Japan	100	100
QR Technology Sdn. Bhd. ("QRT") *	Investment holding	Malaysia	100	100
Silverlake Solutions Ltd. ("SSL") *	Investment holding	Bermuda	100	100
Silver Team Technology Limited ("STTL") ^^^^	Investment holding	Hong Kong	100	100
Symmetric Payments & Integration Holdings Pte. Ltd. (f.k.a Isis International Pte. Ltd.) ("SPI") **	Investment holding, sales of computer software and support services	Singapore	100	100
Merimen Ventures Sdn. Bhd. ("Merimen") (Note c) #	Investment holding and provision of electronic insurance claim solution services	Malaysia	100	100
Cyber Village Sdn. Bhd. ("CVSB") (Note b) *	Provision of internet and mobile services, portal, customer loyalty and e-commerce solutions and services	Malaysia	100	100
Silverlake Symmetri (Singapore) Pte. Ltd. (f.k.a SunGard Ambit (Singapore) Pte. Ltd.) ("Symmetri") (Note a) <sup>3</sup>	Provision of customised software solutions for banking and financial services industry	Singapore	100	-

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 13. Investments in subsidiaries (cont'd)

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held	
			2016 %	2015 %
<b>Held by SAACIS:</b>				
Silverlake Holdings Sdn. Bhd. *	Trading of IBM products in Malaysia and the rendering of enhancement services	Malaysia	100	100
Silverlake Axis MSC Sdn. Bhd. *	Rendering of software project services and provision of enhancement services	Malaysia	100	100
<b>Held by QRT:</b>				
QR Retail Automation (Asia) Sdn. Bhd. *	Software trading, development and maintenance services	Malaysia	100	100
QR Retail Automation (S) Pte. Ltd. ^^	Software trading, development and maintenance services	Singapore	100	100
<b>Held by SSL:</b>				
Silverlake Structured Services Sdn. Bhd. *	Services and maintenance of Silverlake customised software	Malaysia	100	100
Silverlakegroup Pte. Ltd. **	Services and maintenance of Silverlake customised software	Singapore	100	100
Silverlakegroup Pte. Ltd. (Philippines branch) ****	Services and maintenance of Silverlake customised software	Philippines	100	100
Silverlake Structured Services Ltd. ***	Services and maintenance of Silverlake customised software	Thailand	100	100
PT Structured Services ^^	Services and maintenance of Silverlake customised software	Indonesia	100	100
Silverlake Sistem Sdn. Bhd. ^^^	Services and maintenance of Silverlake customised software	Brunei	100	100
<b>Held by SPI:</b>				
Symmetric Payments & Integration Pte. Ltd. (f.k.a Isis Computer Systems Pte. Ltd.) **	Sales of computer software and provision of technical support services	Singapore	100	100
Symmetric Payments & Integration Sdn. Bhd. (f.k.a Isis Computer Systems (M) Sdn. Bhd.) *	Sales of computer software and provision of technical support services	Malaysia	100	100



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 13. Investments in subsidiaries (cont'd)

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held	
			2016 %	2015 %
<b>Held by Merimen:</b>				
Merimen Online Sdn. Bhd. #	Provision of electronic insurance claim solution services	Malaysia	100	100
Merimen Technologies (Singapore) Pte. Ltd. ##	Provision of electronic insurance claim solution services	Singapore	100	100
P.T. Merimen Technologies Indonesia ###	Provision of electronic insurance claim solution services	Indonesia	100	100
Merimen Technologies Philippines Inc. ####	Provision of electronic insurance claim solution services	Philippines	100	100
Motobiznes Online Sdn. Bhd. #	Provision of electronic insurance claim solution services	Malaysia	51	51
<b>Held by Symmetri:</b>				
Silverlake Symmetri (Malaysia) Sdn. Bhd. (f.k.a SunGard Ambit (Malaysia) Sdn. Bhd.) <sup>aa</sup>	Provision of card and payment software solution services	Malaysia	100	-
Silverlake Symmetri (Philippines) Enterprises, Inc. (f.k.a SunGard Ambit (Philippines) Inc.) <sup>aaa</sup>	Provision of services related to designing, selling and installing computer hardware and software	Philippines	100	-
Silverlake Symmetri (Thailand) Limited (f.k.a SunGard Ambit (Thailand) Limited) <sup>aaaa</sup>	Dormant	Thailand	100	-
Silverlake Symmetri Pakistan (PVT.) Limited (f.k.a SunGard Ambit Pakistan (PVT.) Limited) <sup>aaaaa</sup>	Provision of services related to designing, developing, engineering, promoting, exporting, marketing and selling computer related technologies, products and services	Pakistan	100	-
Silverlake Symmetri (Czech Republic) s.r.o. (f.k.a SunGard System Access (Czech Republic) s.r.o.) <sup>aaaaaa</sup>	Provision of software and consultancy in the field of hardware and software	Czech Republic	100	-

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 13. Investments in subsidiaries (cont'd)

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held	
			2016 %	2015 %
<b>Held by Symmetri: (cont'd)</b>				
Silverlake Symmetri (Europe) Limited (f.k.a SunGard System Access (Europe) Limited) <sup>ðððððððð</sup>	Dormant	United Kingdom	100	-
Silverlake Symmetri (Slovakia) spol. s.r.o. (f.k.a SunGard Ambit (Slovakia) spol. s.r.o.) <sup>ðððððððð</sup>	Trading of software and completed programs on contractual basis and business counselling in the extent of free trade	Slovakia	100	-
Silverlake Symmetri (Singapore) Pte. Ltd. (f.k.a SunGard Ambit (Singapore) Pte. Ltd.) (Hanoi Branch)	Provision of customised software solutions for banking and financial services industry	Vietnam	100	-
Silverlake Symmetri (Singapore) Pte. Ltd. (f.k.a SunGard Ambit (Singapore) Pte. Ltd.) (Dubai Branch)	Provision of customised software solutions for banking and financial services industry	United Arab Emirates	100	-

- \* Audited by Ernst & Young, Malaysia
- \*\* Audited by Ernst & Young, Singapore
- \*\*\* Audited by Ernst & Young, Thailand
- \*\*\*\* Audited by SyCip Gorres Velayo & Co. (Ernst & Young, Philippines)
- ^ Audited by Miyako & Co., Japan
- ^^ Audited by SS Lee PAC, Singapore
- ^^^ Audited by Kosasih, Nurdiyaman, Tjahjo & Rekan, Indonesia
- ^^^^ Audited by Lee Corporatehouse Associates, Brunei
- ^^^^^ Audited by Union Alpha C.P.A Limited, Hong Kong
- # Audited by Crowe Horwath, Malaysia
- ## Audited by Crowe Horwath, Singapore
- ### Audited by Crowe Horwath, Indonesia
- #### Audited by Ramon F. Garcia and Company CPA, Philippines
- ð Audited by PricewaterhouseCoopers, Singapore
- ðð Audited by SJ Grant Thornton, Malaysia
- ððð Audited by PricewaterhouseCoopers, Philippines
- ðððð Audited by PricewaterhouseCoopers, Thailand
- ððððð Audited by Feroz Aziz & Company, Pakistan
- ðððððð Audited by Společnost s ručením omezeným
- ððððððð Audited by PricewaterhouseCoopers, London
- ðððððððð Audited by Ing. Helena Ivaničová, Slovakia

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 13. Investments in subsidiaries (cont'd)

#### Acquisition of subsidiaries

##### Current financial year

##### (a) Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri")

On 1 October 2015, the Company acquired 100% equity interest in SunGard Ambit (Singapore) Pte. Ltd., a company incorporated in Singapore, for a cash consideration of USD12,000,000 (equivalent to RM52,700,000), subject to working capital and net assets or liabilities adjustments ("Adjustment"). The Adjustment was finalised during the financial year with an agreed total cash consideration of USD16,777,492 (equivalent to RM71,369,549) for the acquisition. Subsequent to the acquisition, the name of the acquired subsidiary has been changed to Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri").

Symmetri and its subsidiaries, Silverlake Symmetri (Malaysia) Sdn. Bhd., Silverlake Symmetri (Philippines) Enterprises, Inc., Silverlake Symmetri (Thailand) Limited, Silverlake Symmetri Pakistan (PVT.) Limited, Silverlake Symmetri (Czech Republic) s.r.o., Silverlake Symmetri (Europe) Limited, Silverlake Symmetri (Slovakia) spol. s.r.o., Silverlake Symmetri (Singapore) Pte. Ltd. (Hanoi Branch) and Silverlake Symmetri (Singapore) Pte. Ltd. (Dubai Branch) (collectively, the "Symmetri Group"), are principally engaged in the provision of a range of banking software that enables banks to address their core banking, customer management, online banking, mobile banking and card management requirements in Asia Pacific, Middle East, South Asia and Eastern Europe.

The net carrying value and fair value of the identifiable assets and liabilities of Symmetri Group as at the date of acquisition were:

	Net carrying value before adjustment RM	Fair value recognised on date of acquisition RM
<b>Assets</b>		
Property, plant and equipment (Note 11)	2,745,535	2,745,535
Intangible assets (Note 12)	19,597,008	34,068,886
Deferred tax assets (Note 27)	2,594,740	2,594,740
Trade and other receivables	39,081,496	39,081,496
Tax recoverable	26,034	26,034
Cash and bank balances	19,254,727	19,254,727
	83,299,540	97,771,418
<b>Liabilities</b>		
Amounts due to customers for contract work-in-progress	(17,329,698)	(17,329,698)
Trade and other payables	(15,849,086)	(15,849,086)
Advance maintenance fees	(2,950,807)	(2,950,807)
Income tax payable	(365,325)	(365,325)
Deferred tax liabilities (Note 27)	(792,234)	(3,481,394)
Provision for defined benefit liabilities (Note 29)	(4,255,739)	(4,255,739)
	(41,542,889)	(44,232,049)
Total identifiable net assets at fair value		53,539,369
Goodwill arising on acquisition (Note 12)		17,830,180
Purchase consideration transferred		71,369,549

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 13. Investments in subsidiaries (cont'd)

#### Acquisition of subsidiaries (cont'd)

##### Current financial year (cont'd)

- (a) Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri") (cont'd)

<u>Effect of the acquisition of Symmetri Group on current year's cash flows</u>	<u>RM</u>
Total purchase consideration transferred, settled in cash	71,369,549
Less: Cash and cash equivalents of subsidiaries acquired	(19,254,727)
<b>Net cash outflow on acquisition</b>	<b>52,114,822</b>

##### Fair value of assets acquired and liabilities assumed

The fair value of the trade and other receivables of RM39,081,496 included trade receivables with a fair value of RM37,316,945. The gross contractual amount of these trade receivables was RM39,406,010, of which RM2,089,065 (Note 33(c)) were impaired as they were not expected to be collected.

The fair value of acquired identifiable intangibles assets of RM34,068,886, consist of proprietary software and customer relationship, were valued by using Relief from Royalty method and Multi Period Excess Earnings method respectively. The related deferred tax liability was provided accordingly (Note 27).

Goodwill of RM17,830,180 comprises the value of expected synergies arising from the acquisition which are not separately recognised. Goodwill is allocated entirely to the Silverlake Symmetri retail banking solution CGU. None of the goodwill recognised was expected to be deductible for income tax purposes.

##### Impact of acquisition on consolidated income statement

From the date of acquisition, Symmetri Group has contributed RM59,037,329 and RM7,223,410 to the Group's revenue and profit net of tax respectively for financial year ended 30 June 2016. If the business combination had taken place at the beginning of the financial year, the Group's revenue and profit net of tax would have been RM658,300,630 and RM270,581,132 respectively.

Acquisition-related costs of RM1,398,069 have been recognised in the "Administrative expenses" line item in the consolidated income statement for the financial year ended 30 June 2016.

#### Financial year ended 30 June 2014

- (b) Cyber Village Sdn. Bhd. ("CVSB")

On 3 July 2013, the Group acquired 100% equity interest in Cyber Village Sdn. Bhd. ("CVSB"), a company incorporated in Malaysia, for a total cash consideration of RM42,296,000, of which RM39,296,000 was paid upon completion with the remaining consideration of RM1,200,000 and RM1,800,000 paid in the financial year ended 30 June 2015 and 30 June 2016 respectively.

#### Financial year ended 30 June 2013

- (c) Merimen Ventures Sdn. Bhd. ("Merimen")

On 10 April 2013, the Company acquired 80% equity interest with a call and put options on the remaining 20% equity interest in Merimen Ventures Sdn. Bhd. ("Merimen"), a private limited liability company incorporated in Malaysia. The combination of the call option and put option with same exercise period and same pricing was considered as a forward contract to acquire the remaining 20% equity interest in Merimen and therefore present ownership interest in the remaining 20% equity interest had been granted. The Company had therefore effectively acquired 100% equity interest in Merimen at a total purchase consideration, at fair value of RM61,906,742, and the Group had consolidated 100% of the Merimen's results.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 13. Investments in subsidiaries (cont'd)

#### Acquisition of subsidiaries (cont'd)

##### Financial year ended 30 June 2013 (cont'd)

#### (c) Merimen Ventures Sdn. Bhd. ("Merimen") (cont'd)

##### Contingent consideration arrangement

The purchase consideration is made up of initial 80% equity interest acquisition from a minimum of RM15,000,000 up to RM52,400,000 ("Initial Consideration"), and call and put options on the remaining 20% equity interest in Merimen for an aggregate exercise price of up to RM19,200,000 ("Option Consideration").

#### (i) Initial Consideration for the acquisition of 80% equity interest

The Initial Consideration is based on a multiple of eight times of the average audited net consolidated profit after tax ("AVNPAT") of Merimen Group for the financial years ended 30 June 2012, 30 June 2013 ("FY2013") and 30 June 2014 ("FY2014"), together with bonus considerations, as follows:

- (a) first bonus consideration based on a multiple of four times of AVNPAT, if Merimen Group achieves AVNPAT in excess of RM7,000,000 but does not exceed RM8,500,000; and
- (b) second bonus consideration of equivalent to one time of AVNPAT in addition to the first bonus consideration, if Merimen Group achieves AVNPAT in excess of RM8,500,000 but does not exceed RM12,000,000.

Where the AVNPAT is at a loss position, the Initial Consideration shall be a fixed sum of RM15,000,000 only.

The Initial Consideration was paid in 3 tranches, with a first payment of RM25,793,980 made on the completion date, a second payment of RM11,200,000 made in FY2014 and a final payment of RM12,026,240 (being the total amount payable less any earlier payments) made in FY2015.

#### (ii) Option Consideration for the remaining 20% equity interest

The Company had the option to require any of the Vendors to sell all but not part of the remaining shareholdings in Merimen ("Call Option") and each of the Vendors had the option to require the Company to purchase all but not part of the remaining shareholdings in Merimen ("Put Option").

On 3 December 2015, the Company exercised the Call Option to acquire the remaining 20% equity interest in Merimen for a total cash consideration of RM15,057,600.

##### Subsequent measurement of contingent consideration

The option consideration paid during the financial year was RM15,057,600 resulting a difference of RM13,401 fair value adjustment recognised in the "Administrative expenses" line item in the consolidated income statement for the financial year ended 30 June 2016.

The average audited net consolidated profit after tax of Merimen Group for FY2015 was lower than that estimated at the acquisition date mainly due to lower revenue growth compared to the forecast. Accordingly, the AVNPAT has been reduced and the fair value of the contingent consideration has been adjusted. The fair value of the contingent consideration decreased by RM947,423 (Note 5) with the fair value adjustment recognised in the "Other income" line item in the consolidated income statement for the financial year ended 30 June 2015.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 14. Investments in associates

	Group	
	2016 RM	2015 RM
At beginning of the year	102,095,635	74,121,788
Gain on dilution of interest in an associate arising from:		
- Initial Public Offering ("IPO") (Note 5)	-	19,189,670
- Issuance of new shares pursuant to employee shares incentive plan (Note 5)	2,907,261	-
Capital contribution	-	1,824,778
Dividend received	(772,991)	-
Share of profit for the year	2,150,995	6,959,399
At end of the year	106,380,900	102,095,635
<i>Comprise:</i>		
Shares, at cost	90,507,538	90,507,538
Share of post acquisition reserves	15,873,362	11,588,097
	106,380,900	102,095,635

	Company	
	2016 RM	2015 RM
Shares, at cost	21,000,000	21,000,000
Accumulated impairment	(20,517,600)	(19,770,000)
	482,400	1,230,000

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 14. Investments in associates (cont'd)

	Group	
	2016 RM	2015 RM
Share of the associates' statement of financial position:		
Assets	121,160,990	120,363,267
Liabilities	(14,780,090)	(18,267,632)
Equity	106,380,900	102,095,635
Share of the associates' revenue and profit:		
Revenue	126,189,781	134,021,308
Profit after tax and total comprehensive income	2,150,995	6,959,399

The Group's investments in associates are accounted for using the equity method in the consolidated financial statements.

Details of the associates are as follows:

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held	
			2016 %	2015 %
<b>Held by STTL:</b>				
Global InfoTech Co. Ltd. ("GIT") ^	Provision of Information Technology services focusing on the financial services sector in the People's Republic of China ("PRC")	PRC	20.01	20.25
<b>Held by the Company:</b>				
ePetrol Silverswitch Sdn. Bhd. ("ePetrol") ^^	Provision of payment transaction technology infrastructure solutions and to manage services for the centralised interchange in Malaysia	Malaysia	24.50	24.50

^ Audited by Ruihua Certified Public Accountants (LLP), China

^^ Audited by BDO Binder, Malaysia

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 14. Investments in associates (cont'd)

The Group's material investments in associates and financial information are summarised below:

	2016 RM	2015 RM
GIT	106,380,900	102,095,635
Fair value of investment in GIT *	1,221,325,560	1,490,152,950

\* The fair value is derived based on Level 1 valuation input under the fair value hierarchy.

(a) The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	GIT	
	2016 RM	2015 RM
Current assets	461,466,168	499,091,016
Non-current assets	117,431,092	70,107,736
<b>Total assets</b>	<b>578,897,260</b>	<b>569,198,752</b>
Non-current liabilities	25,621,778	29,314,991
Current liabilities	48,241,741	60,895,538
<b>Total liabilities</b>	<b>73,863,519</b>	<b>90,210,529</b>
<b>Net assets</b>	<b>505,033,741</b>	<b>478,988,223</b>
Proportion of the Group's ownership	20.01%	20.25%
Group's share of net assets	101,057,252	96,995,115
Goodwill on acquisition	5,323,648	5,100,520
<b>Carrying amount of the investment</b>	<b>106,380,900</b>	<b>102,095,635</b>

(ii) Summarised statement of comprehensive income

	GIT	
	2016 RM	2015 RM
Revenue	626,135,965	517,354,819
Profit for the year from operations	10,602,123	27,363,103
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>10,602,123</b>	<b>27,363,103</b>



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 14. Investments in associates (cont'd)

- (b) The Group has not recognised losses relating to ePetrol where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting year was RM2,748,263 (2015: RM1,510,788), of which RM1,237,475 (2015: RM1,171,635) was the share of current year's losses. The Group has no obligation in respect of these losses.

#### Impairment testing of investments in associates

During the financial year, management performed an impairment test for the investment in ePetrol as this associate has previously made losses. An impairment loss of RM747,600 (2015: Nil) was recognised during the financial year to write down the carrying amount of this investment to its recoverable amount in the Company's statement of financial position.

#### Current financial year

##### Gain on dilution of interest in an associate arising from issuance of shares pursuant to employee shares incentive plan

On 5 January 2016, GIT obtained approval from its shareholders and granted 1,600,000 shares to 100 eligible employees at RMB20.89 per share under GIT's restricted employee shares incentive plan (the "Plan"). The Plan is valid for 48 months from the grant date with a moratorium period of 12 months. The eligible employees can apply to uplift their shares to trade in ChiNext of the Shenzhen Stock Exchange for 30%, 30% and 40% after 12 months, 24 months and 36 months from the grant date respectively, subject to meeting certain requirements and key performance index set by GIT, in particular, financial year 2016 net profit growth of not less than 12% compared to financial year 2015, financial year 2017 net profit growth of not less than 25% compared to financial year 2015 and financial year 2018 net profit growth of not less than 45% compared to financial year 2015, respectively.

Pursuant to the Plan, 1,600,000 new shares were allotted and issued. Consequently, the Company's interest in GIT was diluted from 20.25% to 20.01%, resulting in an accounting gain on dilution of interest of RM2,907,261 (Note 5) recognised under "Other income" in the consolidated income statement for the financial year ended 30 June 2016.

#### Previous financial year

##### Gain on dilution of interest in an associate arising from IPO

On 8 May 2015, GIT obtained the official approval document from the China Securities Regulatory Commission ("CSRC") for the issuance of up to 33,340,000 new shares for IPO in China.

On 20 May 2015, 33,340,000 new shares of GIT of RMB1.00 each at an IPO price of RMB11.26 were fully subscribed. The shares of GIT were listed, quoted and traded on ChiNext of the Shenzhen Stock Exchange at 9.30 a.m. on 28 May 2015. Following the listing, 33,340,000 new shares were fully allotted and issued. Consequently, the Company's interest in GIT was diluted from 27.00% to 20.25%, resulting in an accounting gain on dilution of interest of RM19,189,670 (Note 5) recognised under "Other income" in the consolidated income statement for the financial year ended 30 June 2015.

##### Capital contribution

On 21 May 2015, STTL contributed RMB3,240,000 (equivalent to RM1,824,778) to GIT in accordance with the undertaking letter signed by GIT's shareholders on 20 March 2015, with the consent to contribute RMB12,000,000 to GIT in proportion to its shareholdings.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 15. Interest in a joint venture

	Group	
	2016 RM	2015 RM
At beginning of the year	28,359,311	-
Acquisition of interest in a joint venture	-	139
Advances to a joint venture	235,254	31,551,197
Share of loss for the year	(302,525)	(1,432,120)
Currency translation differences	3,319,317	(1,759,905)
<b>At end of the year</b>	<b>31,611,357</b>	<b>28,359,311</b>
<i>Comprise:</i>		
Shares, at cost	139	139
Advances to a joint venture (Note 17)	33,345,863	29,791,292
Share of post acquisition reserves	(1,734,645)	(1,432,120)
	<b>31,611,357</b>	<b>28,359,311</b>

	Company	
	2016 RM	2015 RM
Shares, at cost	139	139
Advances to a joint venture (Note 17)	33,345,863	29,791,292
	<b>33,346,002</b>	<b>29,791,431</b>

	Group	
	2016 RM	2015 RM
Share of the joint venture's statement of financial position:		
Assets	47,206,426	41,953,109
Liabilities	(15,595,069)	(13,593,798)
<b>Equity</b>	<b>31,611,357</b>	<b>28,359,311</b>
Share of the joint venture's revenue and profit/(loss):		
Revenue	19,986,337	7,854,333
Net profit/(loss) after tax and total comprehensive income/(loss)	556,800	(1,432,120)

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 15. Interest in a joint venture (cont'd)

The Group's interest in a joint venture is accounted for using the equity method in the consolidated financial statements.

Details of the joint venture are as follow:

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held	
			2016 %	2015 %
<b>Held by the Company:</b>				
Silverlake HGH Limited ("SHGH") ^	Investment holding	New Zealand	51.00	51.00
<b>Held by SHGH:</b>				
Finzsoft Solutions Limited ("Finzsoft") ^	Computer software development, sales and support with hosting and SaaS Bureau Service	New Zealand	85.47	87.89

^ Audited by Staples Rodway, Chartered Accountants, Auckland, New Zealand

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information represents the amounts in the financial statements of the joint venture and not the Group's share of those amounts.

(i) Summarised statement of financial position

	SHGH	
	2016 RM	2015 RM
Cash and bank balances	1,303,788	456,622
Trade and other receivables	9,952,721	6,578,250
<b>Current assets</b>	<b>11,256,509</b>	<b>7,034,872</b>
Non-current assets excluding goodwill	40,080,310	39,454,213
Goodwill	41,224,801	37,182,708
<b>Non-current assets</b>	<b>81,305,111</b>	<b>76,636,921</b>
<b>Total assets</b>	<b>92,561,620</b>	<b>83,671,793</b>
Current liabilities representing total liabilities	(87,217,525)	(78,784,470)
Non-controlling interests	(8,745,087)	(7,695,129)
<b>Net liabilities</b>	<b>(3,400,992)</b>	<b>(2,807,806)</b>
Proportion of the Group's ownership	51%	51%
Group's share of net liabilities	(1,734,506)	(1,431,981)
Advances to a joint venture	33,345,863	29,791,292
<b>Carrying amount of the investment</b>	<b>31,611,357</b>	<b>28,359,311</b>

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 15. Interest in a joint venture (cont'd)

Summarised financial information in respect of the Group's joint venture is set out below. The summarised financial information represents the amounts in the financial statements of the joint venture and not the Group's share of those amounts. (cont'd)

(ii) Summarised statement of comprehensive income

	SHGH	
	2016 RM	2015 RM
Revenue	39,188,897	15,400,653
Depreciation and amortisation	(4,281,915)	(2,065,203)
Interest income	8,644	300,158
Interest expense	(153,021)	(282,859)
Profit/(Loss) before tax	1,469,080	(3,379,192)
Income tax (expense)/credit	(377,315)	571,113
Profit/(Loss) after tax	1,091,765	(2,808,079)
Other comprehensive income/(loss)	282,915	(145,806)
Total comprehensive income/(loss)	1,374,680	(2,953,885)

#### Acquisition of interest in a joint venture

On 18 December 2014, the Company entered into a joint venture with Holliday Group Holdings (ICT Investments No. 2) Limited ("HGH2") to form Silverlake HGH Limited ("SHGH") with shareholding of 51%, for the purpose to make a full takeover offer of the ordinary shares of Finzsoft Solutions Limited ("Finzsoft"). Finzsoft is a public company incorporated in New Zealand and listed on the New Zealand Stock Exchange, which principally engaged in computer software development, sales and support with hosting and SaaS Bureau service.

SHGH is incorporated in New Zealand and is a strategic venture for the Group to expand its existing portfolio of software solutions. The Group jointly controls SHGH with HGH2 under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

On the same day, the Company and HGH2 entered into a funding agreement to provide funding or advances to SHGH in proportion of their shareholdings in SHGH for the takeover offer of Finzsoft. The advances provided to SHGH are non-interest bearing, and no demand for repayment will be made unless SHGH has sufficient funds to make repayment and both the Company and HGH2 agree to the demand being made.

As at 30 June 2016, the advances given by the Company to SHGH amounted to NZD11,659,392 (2015: NZD11,571,681) which is equivalent to RM33,345,863 (2015: RM29,791,292).

#### Dilution of interest in a joint venture

On 29 October 2015, Finzsoft issued 242,666 shares as part payment of the purchase price under the agreement for sale and purchase of shares in one of its subsidiary, Sush Global Solutions Limited dated 13 August 2014. Consequently, SHGH's interest in Finzsoft was diluted from 87.89% to 85.47% and resulted in a loss of RM859,325 recognised under "Share of profit of associates and a joint venture" in the consolidated income statement for the financial year ended 30 June 2016.

#### Impairment testing of interest in a joint venture

During the financial year, management performed an impairment test for the interest in a joint venture. Based on the assessment, no impairment loss was recognised during the financial year.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 16. Amounts due from/(to) customers for contract work-in-progress

	Group	
	2016 RM	2015 RM
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	253,992,460	194,109,895
Provision for foreseeable losses	(2,161,114)	-
Progress billings	(243,085,192)	(174,637,864)
	8,746,154	19,472,031
<i>Presented as:</i>		
Amounts due from customers for contract work-in-progress	16,916,828	24,374,841
Amounts due to customers for contract work-in-progress	(8,170,674)	(4,902,810)
	8,746,154	19,472,031

Included in contract work-in-progress capitalised during the financial year is employee benefits expense amounted to RM21,394 (2015: RM85,580) (Note 8).

### 17. Trade and other receivables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Trade receivables</b>				
Third parties	169,500,145	76,857,509	-	-
Less: Allowance for impairment (Note 33(c))	(3,079,129)	(1,154,790)	-	-
<b>Net trade receivables (Note 33(c))</b>	166,421,016	75,702,719	-	-
<b>Other receivables</b>				
Sundry receivables	8,497,174	8,137,675	61	246,869
Deposits	2,926,844	1,641,004	-	-
	11,424,018	9,778,679	61	246,869
<b>Total trade and other receivables</b>	177,845,034	85,481,398	61	246,869
Trade and other receivables	177,845,034	85,481,398	61	246,869
Dividend receivable	-	-	24,315,200	-
Advances to a joint venture (Note 15)	33,345,863	29,791,292	33,345,863	29,791,292
Amount due from a subsidiary (Note 18)	-	-	34,902	-
Amounts due from related parties (Note 18)	43,327,704	30,186,863	-	-
Loan to a subsidiary (Note 19)	-	-	9,424,643	12,014,683
Cash and bank balances (Note 21)	225,942,723	320,514,200	38,754,126	91,043,416
<b>Total loans and receivables</b>	480,461,324	465,973,753	105,874,795	133,096,260

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 17. Trade and other receivables (cont'd)

#### **Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 days to 45 days (2015: 30 days) term. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

As at 30 June 2016, the Group's significant concentration of credit risk is as disclosed in Note 33(c).

#### **Receivables that are impaired**

Trade receivables that are impaired at the reporting date relate to debtors that are slow in payments. These receivables are not secured by any collateral or credit enhancements.

Information regarding financial assets that are neither past due nor impaired and past due and/or impaired is disclosed in Note 33(c).

#### **Other receivables**

Other receivables are unsecured, non-interest bearing and repayable on demand.

Included in sundry receivables of the Group is account receivable of RM3,350,772 (2015: RM3,936,469) distributed from Unifisoft Holdings Ltd. upon liquidation in year 2012. This receivable is unsecured, non-interest bearing and is repayable within two years from the date of disbursement, or upon mutual consent by all parties in writing, whichever is earlier. During the financial year, the debtor has repaid 11% (2015: 35%) of the total loan given by the Group and the repayment arrangement of the remaining receivable has been extended to 31 December 2016.

Other information on financial risks of trade and other receivables are disclosed in Note 33.

### 18. Amounts due from/(to) subsidiaries and related parties

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Amount due from a subsidiary (Note 17)	-	-	34,902	-
Amounts due to subsidiaries (Note 28)	-	-	(17,888)	(20,010)
Amounts due from related parties (Note 17)				
- Trade (Note 33(c))	43,239,588	30,137,938	-	-
- Non-trade	88,116	48,925	-	-
	43,327,704	30,186,863	-	-
Amounts due to related parties (Note 28)				
- Trade	(5,233,733)	(11,007,367)	-	-
- Non-trade	(692,461)	(355,148)	-	-
	(5,926,194)	(11,362,515)	-	-

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 18. Amounts due from/(to) subsidiaries and related parties (cont'd)

#### **Amount due from a subsidiary**

The amount due from a subsidiary is non-trade, unsecured, non-interest bearing and repayable in cash on demand.

#### **Amounts due to subsidiaries**

The amounts due to subsidiaries are non-trade, unsecured, non-interest bearing and repayable in cash on demand.

#### **Amounts due from related parties**

The amounts due from related parties are unsecured and non-interest bearing except for amounts owing by related parties to certain subsidiaries amounted to RM37,506,243 (2015: RM25,181,909) which carry interest at 1.0% (2015: 1.0%) per month for debts past due credit terms. The trade amounts due from related parties have a credit term of 30 days (2015: 30 days). The amounts due from related parties are to be settled in cash.

#### **Amounts due to related parties**

The amounts due to related parties are unsecured, non-interest bearing and repayable in cash on demand.

Further details on related party transactions are disclosed in Note 31.

Other information on financial risks of amounts due from/(to) subsidiaries and related parties are disclosed in Note 33.

### 19. Loan to a subsidiary

The balances are unsecured, non-interest bearing and repayable on demand.

During the financial year, the Company recognised an impairment loss on loan to a subsidiary, Silverlake Japan Ltd ("SJL"), of RM11,415,000 (2015: RM6,739,000) as the discounted estimated future cash flows of SJL's business is lower than the carrying amount of the loan.

### 20. Available-for-sale financial assets - money market fund

	Group	
	2016 RM	2015 RM
Available-for-sale financial assets	4,729,521	10,390,000

Available-for-sale financial assets at fair value through other comprehensive income of the Group represent investment in money market fund with financial institutions. Fair value of this investment is determined by reference to the net asset value of the fund.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 21. Cash and bank balances

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
Cash at banks and on hand	165,377,948	120,322,129	18,449,813	1,989,443
Short-term deposits with licensed banks	60,564,775	200,192,071	20,304,313	89,053,973
Cash and bank balances (Note 17)	225,942,723	320,514,200	38,754,126	91,043,416

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and twelve months (2015: one day and twelve months) depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates. As at 30 June 2016, the effective interest rates of short-term deposits of the Group and of the Company range from 0.15% to 7.00% (2015: 0.20% to 7.25%) and 0.25% to 0.95% (2015: 0.20% to 3.80%) per annum respectively.

As at 30 June 2016, short-term deposits with licensed banks of the Group amounting to RM1,228,694 (2015: RM1,226,914) are pledged by certain subsidiaries for bank guarantee facilities in relation to project tenders.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group	
	2016 RM	2015 RM
Cash and bank balances	225,942,723	320,514,200
Less: Short-term deposits with licensed banks with maturity more than 3 months	-	(3,714,373)
Less: Pledged deposits	(1,228,694)	(1,226,914)
Cash and cash equivalents	224,714,029	315,572,913



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 22. Share capital, share premium, treasury shares and performance share plan

#### (a) Ordinary share capital

##### (i) Authorised

	Group and Company Number of ordinary shares of USD0.02 each	
	2016	2015
At beginning and end of the year	3,000,000,000	3,000,000,000

##### (ii) Issued and fully paid

	Group and Company			
	Number of ordinary shares of USD0.02 each		Amount	
	2016	2015	2016 RM	2015 RM
At beginning of the year	2,247,543,108	2,247,543,108	157,483,159	157,483,159
Issuance of bonus shares during the year	448,929,692	-	33,557,495	-
At end of the year	2,696,472,800	2,247,543,108	191,040,654	157,483,159

On 8 July 2015, the Company issued 448,929,692 bonus shares on the basis of one (1) bonus share for every five (5) existing shares held by shareholders in the capital of the Company. The bonus issue was made by way of capitalisation of RM33,557,495 of the Company's and the Group's share premium account.

The bonus shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

#### (b) Share premium

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At beginning of the year	259,269,373	252,437,933	1,695,827,129	1,688,995,689
Arising from:				
- Issuance of bonus shares	(33,557,495)	-	(33,557,495)	-
- Release of treasury shares pursuant to Performance Share Plan (Note d)	3,310,680	6,831,440	3,310,680	6,831,440
At end of the year	229,022,558	259,269,373	1,665,580,314	1,695,827,129

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 22. Share capital, share premium, treasury shares and performance share plan (cont'd)

#### (c) Treasury shares

	Group and Company	
	Number of treasury shares	RM
At 1 July 2014	2,794,000	768,352
Release of treasury shares pursuant to Performance Share Plan (Note d)	(2,600,000)	(713,700)
Purchase of treasury shares	2,700,000	7,871,979
At 30 June 2015	2,894,000	7,926,631
At 1 July 2015	2,894,000	7,926,631
Release of treasury shares pursuant to Performance Share Plan (Note d)	(2,400,000)	(4,216,800)
Purchase of treasury shares	42,405,100	71,732,592
At 30 June 2016	42,899,100	75,442,423

Treasury shares relate to ordinary shares of the Company that are held by the Company.

From 26 August 2015 to 30 June 2016, the Company purchased 42,405,100 (2015: 2,700,000) shares pursuant to the share purchase mandate approved by shareholders on 26 October 2015 (2015: 27 October 2014). These shares were acquired by way of market acquisition for a total consideration of RM71,732,592 (2015: RM7,871,979) and are held as treasury shares by the Company.

The percentage of treasury shares over total ordinary shares net treasury shares amounts to 1.6% (2015: 0.1%).

#### (d) Performance share plan ("PSP")

	Group and Company		
	Managing director RM	Non-executive directors RM	Total RM
At 1 July 2014	-	576,405	576,405
Grant of PSP (Note 8)	11,989,258	192,135	12,181,393
Release of PSP	(6,776,600)	(768,540)	(7,545,140)
At 30 June 2015	5,212,658	-	5,212,658
At 1 July 2015	5,212,658	-	5,212,658
Grant of PSP (Note 8)	8,154,596	-	8,154,596
Release of PSP	(7,527,480)	-	(7,527,480)
At 30 June 2016	5,839,774	-	5,839,774

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 22. Share capital, share premium, treasury shares and performance share plan (cont'd)

#### (d) Performance share plan ("PSP") (cont'd)

##### (i) PSP shares granted to managing director

On 5 January 2015, a maximum 10,000,000 PSP shares were awarded and granted to the Group Managing Director, Dr. Kwong Yong Sin. During the financial year, the maximum number of outstanding shares awarded has been adjusted from 8,000,000 shares to 9,600,000 shares taking into account the bonus issue on 8 July 2015. On 5 January 2016, 2,400,000 (2015: 2,000,000) (Note c) were released from the Company's existing treasury shares at the price of SGD0.640 (2015: SGD1.265) per share at grant date, amounted to RM7,527,480 (2015: RM6,776,600) (Note 8) to Dr. Kwong Yong Sin in recognition of his contribution to the Group for financial year ended 30 June 2015 (2015: 30 June 2014). Gain on reissuance of treasury shares of RM3,310,680 (2015: RM6,227,600) was recognised in the share premium account (Note b).

The shares awarded were subject to restrictions against any disposal or sale and/or other dealings in the shares for a period of one year from the applicable release date.

The actual number of remaining shares shall vest subject to the achievement of pre-determined targets set over a three-financial year (2015: four-financial year) performance period to financial year ending 30 June 2018. The expense on the remaining 7,200,000 (2015: 8,000,000) shares recognised in the profit or loss and performance share plan reserve account was RM627,116 (2015: RM5,212,658) (Note 8).

##### (ii) PSP shares granted to non-executive directors

On 3 January 2013, the Company granted 2,000,000 shares awards to its non-executive directors at 500,000 shares each pursuant to the Silverlake Axis Ltd. Performance Share Plan. The shares awards were based on the service and contributions made by each non-executive directors to the success of the Company and were released in accordance with the following Release Schedule:

Release date	Number of shares per director
3 January 2013	200,000
3 January 2014	150,000
5 January 2015	150,000

The shares awarded were subject to restrictions against any disposal or sale and/or other dealings in the shares for a period of one year from the applicable release date.

On 5 January 2015, 600,000 (Note c) shares were released from the Company's existing treasury shares at the price of SGD0.505 per share at grant date, amounted to RM192,135 (Note 8), of which, gain on reissuance of treasury shares of RM603,840 was recognised in the share premium account (Note b) in the previous financial year.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 22. Share capital, share premium, treasury shares and performance share plan (cont'd)

#### (d) Performance share plan ("PSP") (cont'd)

The fair value of PSP awarded was estimated using Forward Pricing Formula, taking into account the terms and conditions upon which the PSP were awarded. The fair value of PSP measured at grant date and the assumptions were as follows:

	PSP granted to		
	Managing director	2015	Non-executive directors
Granted during financial year ended 30 June	2016	2015	2013
Number of shares awarded	1,600,000	10,000,000	2,000,000
<b>Fair value of PSP:</b>			
Weighted average fair value of PSP (RM)	1.94	3.26	1.23
Share price at grant date (RM)	1.95	3.39	1.28
Average risk free rate (%)	1.03	1.32	0.25
Expected dividend yield (%)	3.48	4.32	4.27

The share price at grant date used was the closing price of the Company's shares on that date. Expected yield rate used was based on historical data and future estimates, which may not necessarily be the actual outcome. No other features of the share award were incorporated into the measurement of fair value.

### 23. Foreign currency translation reserve, capital reserve, statutory reserve and performance share plan reserve

#### (a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

#### (b) Capital reserve

This represents non-distributable capital reserve of a subsidiary arising from the issuance of bonus shares in prior years.

#### (c) Statutory reserve

This represents non-distributable reserve of a subsidiary incorporated in Thailand. As required by Thailand Civil and Commercial Code, an entity shall allocate at least 5% of its annual net profit to a reserve, when dividend is declared, until the reserve reaches an amount not less than 10% of the entity's authorised capital.

#### (d) Performance share plan reserve

This represents non-distributable reserve arising from performance shares granted to non-executive directors and managing director (Note 22(d)). As at current and previous reporting date, the reserve is made up of the cumulative value of service received from managing director over the vesting period commencing from the grant date of the performance shares and will be reduced by the release of the performance shares on the release date.

The above reserves are not available for dividend distribution to shareholders.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 24. Merger deficit

	Group	
	2016 RM	2015 RM
At beginning and end of the year	119,765,286	119,765,286

The merger deficit represents the excess of nominal value of the shares issued by the Company over the book value of the assets and liabilities of the acquired subsidiaries, accounted for using the "pooling-of-interest" method.

The above reserve is not available for dividend distribution to shareholders.

### 25. Loans and borrowings

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Current</b>				
<b>Unsecured:</b>				
Revolving credit	72,239,600	-	72,239,600	-
<b>Secured:</b>				
Obligations under finance leases (Note 26)	809,833	784,516	-	-
	73,049,433	784,516	72,239,600	-
<b>Non-current</b>				
<b>Secured:</b>				
Obligations under finance leases (Note 26)	1,423,891	1,626,409	-	-
<b>Total loans and borrowings (Note 28)</b>	<b>74,473,324</b>	<b>2,410,925</b>	<b>72,239,600</b>	<b>-</b>

#### **Revolving credit**

As at reporting date, the Company has outstanding balance of revolving credit amounting to USD12,000,000 and SGD8,000,000 (equivalent to RM72,239,600). This revolving credit is guaranteed by a subsidiary with an average effective interest rate of 1.67% per annum. It is repayable on the last day of its interest period and the principal amount may be rolled over, provided that any interest accrued on the facility was paid on the last day of its interest period.

#### **Obligations under finance leases**

These obligations are secured by a charge over the leased assets (Note 11). The weighted average effective interest rate of the leases are disclosed in Note 26.

#### **Overdraft facility**

The Group has overdraft facility which is secured by a charge over freehold land of a subsidiary (Note 11). The overdraft facility is not utilised as at reporting date.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 26. Obligations under finance leases

	Group	
	2016 RM	2015 RM
<b>Minimum lease payments:</b>		
Not later than one year	866,040	845,737
Later than one year but not later than five years	1,433,164	1,685,292
Later than five years but not later than seven years	50,028	3,393
	2,349,232	2,534,422
Less: Amounts representing finance charges	(115,508)	(123,497)
	2,233,724	2,410,925
<b>The present value of the obligations under finance leases may be analysed as follows:</b>		
Not later than one year	809,833	784,516
Later than one year but not later than five years	1,375,224	1,623,028
Later than five years but not later than seven years	48,667	3,381
	2,233,724	2,410,925
<i>Presented as:</i>		
Current (Note 25)	809,833	784,516
Non-current (Note 25)	1,423,891	1,626,409
	2,233,724	2,410,925

The effective interest rates of finance lease liabilities at the reporting date range from 0.97% to 5.18% (2015: 0.97% to 5.18%) per annum.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 27. Deferred tax

	Group	
	2016 RM	2015 RM
At beginning of the year	13,375,566	10,700,390
Acquisition of a subsidiary (Note 13(a))	886,654	-
Recognised in income statement (Note 9):		
Provision in current year	(2,268,363)	2,383,924
Under/(Over) provision in prior financial years	26,665	(109,496)
Recognised in other comprehensive income (Note 29):		
Provision in current year	127,620	749
Currency translation differences	195,432	399,999
At end of the year	12,343,574	13,375,566
<i>Presented after appropriate offsetting as follows:</i>		
Deferred tax assets	(6,656,859)	(2,389,566)
Offsetting	866,584	289,997
Deferred tax assets (after offsetting)	(5,790,275)	(2,099,569)
Deferred tax liabilities	19,000,433	15,765,132
Offsetting	(866,584)	(289,997)
Deferred tax liabilities (after offsetting)	18,133,849	15,475,135
Deferred tax	12,343,574	13,375,566

The Group offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 27. Deferred tax (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

#### Deferred tax liabilities of the Group:

	Software development expenditure RM	Proprietary software RM	Customer relationship RM	Customer contracts RM	Property, plant and equipment RM	Undistributed profits of an associate and a subsidiary RM	Others RM	Total RM
At 1 July 2014	1,450,085	8,490,940	2,025,984	252,000	361,738	-	100,654	12,681,401
Recognised in income statement:								
Provision in current year	-	(1,058,998)	(144,048)	(252,000)	(53,855)	4,158,566	56,957	2,706,622
Over provision in prior financial years	(49,000)	-	-	-	(29,365)	-	(69,653)	(148,018)
Currency translation differences	-	502,384	-	-	16,406	-	6,337	525,127
At 30 June 2015	1,401,085	7,934,326	1,881,936	-	294,924	4,158,566	94,295	15,765,132
At 1 July 2015	1,401,085	7,934,326	1,881,936	-	294,924	4,158,566	94,295	15,765,132
Acquisition of a subsidiary (Note 13(a))	-	1,563,456	1,125,704	-	119,699	-	672,535	3,481,394
Recognised in income statement:								
Provision in current year	(119,276)	(1,091,068)	(194,720)	-	(14,160)	967,548	36,567	(415,109)
Under provision in prior financial years	-	-	-	-	9,437	-	-	9,437
Currency translation differences	-	270,430	(94,180)	-	12,987	-	(29,658)	159,579
At 30 June 2016	1,281,809	8,677,144	2,718,740	-	422,887	5,126,114	773,739	19,000,433



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 27. Deferred tax (cont'd)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (cont'd)

#### Deferred tax assets of the Group:

	Provision for defined benefit liabilities RM	Allowance for unutilised leave RM	Advance maintenance fees RM	Unused tax losses RM	Others RM	Total RM
At 1 July 2014	(819,224)	(265,453)	(762,918)	-	(133,416)	(1,981,011)
Recognised in income statement:						
Provision in current year	(158,675)	(56,963)	(167,104)	-	60,044	(322,698)
(Under)/Over provision in prior financial years	-	(67,377)	92,596	-	13,303	38,522
Recognised in other comprehensive income:						
Provision in current year	749	-	-	-	-	749
Currency translation differences	(67,684)	(15,741)	(32,125)	-	(9,578)	(125,128)
At 30 June 2015	(1,044,834)	(405,534)	(869,551)	-	(69,647)	(2,389,566)
At 1 July 2015	(1,044,834)	(405,534)	(869,551)	-	(69,647)	(2,389,566)
Acquisition of a subsidiary (Note 13(a))	(1,276,722)	-	(933,527)	-	(384,491)	(2,594,740)
Recognised in income statement:						
Provision in current year	(71,808)	(97,366)	(1,173,003)	(375,220)	(135,857)	(1,853,254)
Over provision in prior financial years	-	-	16,452	-	776	17,228
Recognised in other comprehensive income:						
Provision in current year	127,620	-	-	-	-	127,620
Currency translation differences	48,261	(13,356)	(5,607)	-	6,555	35,853
At 30 June 2016	(2,217,483)	(516,256)	(2,965,236)	(375,220)	(582,664)	(6,656,859)

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 27. Deferred tax (cont'd)

As at 30 June 2016, the deferred tax assets have not been recognised in respect of the following items:

	Group	
	2016 RM	2015 RM
Unused tax losses	612,653	556,813
Unabsorbed capital allowances	28,375	25,431
	641,028	582,244

#### **Tax consequences of proposed dividends**

There are no income tax consequences (2015: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

#### **Unused tax losses**

The Group has tax losses which arose in subsidiaries of RM612,653 (2015: RM556,813) that are available indefinitely for offset against future taxable profits of the subsidiaries in which the losses arose. However, as these losses relate to subsidiaries that have a history of losses, deferred tax assets have not been recognised as these losses may not be used to offset taxable profits elsewhere in the Group. If the Group was able to recognise these unrecognised deferred tax assets, profit would increase by RM129,585 (2015: RM120,093).

#### **Unrecognised earnings**

At 30 June 2016, deferred tax liabilities of RM4,664,391 (2015: RM4,158,566) and RM461,723 (2015: Nil) have been recognised for taxes that would be payable on the unremitted earnings of an associate and a subsidiary respectively. There was no other recognised deferred tax liability for taxes that would be payable on the unremitted earnings of other subsidiaries, associate and joint venture of the Group. The Group has determined that undistributed profits of other subsidiaries, associate and joint venture will not be distributed in the foreseeable future. The temporary differences associated with investments in subsidiaries, other associate and joint venture, for which a deferred tax liability has not been recognised, aggregate to RM3,447,449 (2015: RM6,085,820).

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 28. Trade and other payables

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>Trade payables:</b>				
- Third parties	6,006,571	6,881,712	-	-
- Accrual of sub-contractor fees	12,382,571	16,626,965	-	-
<b>Total trade payables</b>	<b>18,389,142</b>	<b>23,508,677</b>	<b>-</b>	<b>-</b>
<b>Other payables:</b>				
- Sundry payables and accruals	26,115,448	14,180,845	3,759,359	635,787
- Allowance for unutilised leave	4,851,204	4,149,188	-	-
- Deferred consideration payable	-	1,761,338	-	1,761,338
- Contingent consideration for business combination	-	14,765,593	-	14,765,593
<b>Total other payables</b>	<b>30,966,652</b>	<b>34,856,964</b>	<b>3,759,359</b>	<b>17,162,718</b>
<b>Total trade and other payables</b>	<b>49,355,794</b>	<b>58,365,641</b>	<b>3,759,359</b>	<b>17,162,718</b>
Trade and other payables	49,355,794	58,365,641	3,759,359	17,162,718
Loans and borrowings (Note 25)	74,473,324	2,410,925	72,239,600	-
Amounts due to:				
- Subsidiaries (Note 18)	-	-	17,888	20,010
- Related parties (Note 18)	5,926,194	11,362,515	-	-
<b>Total financial liabilities carried at amortised cost</b>	<b>129,755,312</b>	<b>72,139,081</b>	<b>76,016,847</b>	<b>17,182,728</b>

#### **Trade and other payables**

These amounts are non-interest bearing. Trade payables are normally settled on 60 days (2015: 60 days) term while other payables have an average term of 6 months (2015: 6 months).

#### **Deferred consideration payable**

This amount represented balance of purchase consideration payable to the vendor within 21 days from 31 December 2015 in relation to the acquisition of CVSB (Note 13(b)). The balance of purchase consideration has been fully settled during the financial year.

#### **Contingent consideration for business combination**

This amount represented the fair value of the remaining purchase consideration payable to the vendors in tranches in relation to the acquisition of Merimen (Note 13(c)). This consideration was dependent on the AVNPAT of Merimen Group for FY2015. The remaining purchase consideration has been fully settled during the financial year.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 28. Trade and other payables (cont'd)

#### **Contingent consideration for business combination (cont'd)**

	Group and Company	
	2016 RM	2015 RM
Total purchase consideration, initially recognised at fair value	61,906,742	61,906,742
Add: Vendor indemnification	41,827	41,827
Add: Unwinding of discount on contingent consideration payable (cumulative)	4,582,640	4,304,034
Add: Fair value changes recognised in profit or loss (cumulative)	(2,453,389)	(2,466,790)
Less: Consideration settled	(64,077,820)	(49,020,220)
Contingent consideration payable at end of the year	-	14,765,593
Contingent consideration payable within 12 months	-	14,765,593

Other information on financial risks of trade and other payables are disclosed in Note 33.

### 29. Provision for defined benefit liabilities

The Group has defined benefit pension plans, in Indonesia, Thailand and Philippines respectively, for its employees.

#### (a) Indonesia plan

A subsidiary in Indonesia provides benefits for its employees who achieve the retirement age at 56 (2015: 55) based on the provisions of Labor Law No.13/2003 dated 25 March 2003. The employee benefits liability is unfunded. The employee benefits liability of this subsidiary was determined by an independent actuary in its report dated 1 July 2016 for financial year ended 30 June 2016 and 1 July 2015 for financial year ended 30 June 2015.

The principal assumptions used in determining the employee benefits liability of the Indonesia plan are shown below:

#### Principal actuarial assumptions:

	2016	2015
Discount rate	8.00%	8.25%
Salary increment rate	10%	10%
Mortality rate	100% *	100% *
Disability rate	5% *	5% *
Resignation rate	5% to age 30, then decreasing linearly to 0% at age 56	5% to age 30, then decreasing linearly to 0% at age 55

\* based on Indonesian Mortality Table 3

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 29. Provision for defined benefit liabilities (cont'd)

#### (b) Thailand plan

A subsidiary in Thailand provides benefits for its employees who achieve the retirement age at 60 based on the provisions of Labour Protection Act (A.D. 1998), on Severance Pay. The employee benefits liability is unfunded. The employee benefits liability of this subsidiary was determined by an independent actuary in its report dated 10 June 2015 for financial years ended 30 June 2016 and 30 June 2015.

The principal assumptions used in determining the employee benefits liability of the Thailand plan are shown below:

#### Principal actuarial assumptions:

	2016	2015
Discount rate	3.60%	3.60%
Salary increment rate	12% per annum for ages up to 29; 6% per annum for ages 30 to 39; 2% per annum for ages 40 to 49; 0% per annum for ages 50 and above	12% per annum for ages up to 29; 6% per annum for ages 30 to 39; 2% per annum for ages 40 to 49; 0% per annum for ages 50 and above
Mortality rate	Thailand Mortality Ordinary 2008 Table	Thailand Mortality Ordinary 2008 Table
Disability rate	0%	0%
Resignation rate	6% per annum for ages up to 29; 4% per annum for ages 30 to 39; 1% per annum for ages 40 to 49; 0% per annum for ages 50 and above	6% per annum for ages up to 29; 4% per annum for ages 30 to 39; 1% per annum for ages 40 to 49; 0% per annum for ages 50 and above

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 29. Provision for defined benefit liabilities (cont'd)

#### (c) Philippines plans

- (i) A subsidiary in Philippines provides benefits for its employees who achieve the retirement age at 60 based on the provisions of the Retirement Pay Law (Republic Act No. 7641). The employee benefits liability is unfunded. The employee benefits liability of this subsidiary was determined by an independent actuary in its report dated 23 May 2016 for financial year ended 30 June 2016 and 4 July 2013 for financial year ended 30 June 2015.

The principal assumptions used in determining the employee benefits liability of the Philippines plan are shown below:

#### Principal actuarial assumptions:

	2016	2015
Discount rate	4.42%	4.65%
Salary increment rate	10%	12%
Mortality rate	The 2001 CSO Table - Generational (Scale AA, Society of Actuaries)	The 2001 CSO Table - Generational (Scale AA, Society of Actuaries)
Disability rate	0%	0%
Resignation rate	7.5% per annum for ages 19 to 24; 6% per annum for ages 25 to 29; 4.5% per annum for ages 30 to 34; 3% per annum for ages 35 to 39; 2% per annum for ages 40 to 44; 0% per annum for ages 45 and above	7.5% per annum for ages 19 to 24; 6% per annum for ages 25 to 29; 4.5% per annum for ages 30 to 34; 3% per annum for ages 35 to 39; 2% per annum for ages 40 to 44; 0% per annum for ages 45 and above

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 29. Provision for defined benefit liabilities (cont'd)

#### (c) Philippines plans (cont'd)

- (ii) A subsidiary, in Philippines, acquired during the financial year, conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) and provides retirement benefit equal to 22.5 days pay for every year of credited service for employees who attain the normal retirement age of 60 with at least five years of service. The regulatory benefit is paid in a lump sum upon retirement. The employee benefits liability of this subsidiary was determined by an independent actuary in its report dated 19 August 2016 for the financial period ended 31 December 2015.

The principal assumptions used in determining the employee benefits liability of the Philippines plan are shown below:

#### Principal actuarial assumptions:

	2016
Discount rate	5.58%
Salary increment rate	5%
Mortality rate	The 2001 CSO Table - Generational (Scale AA, Society of Actuaries)
Disability rate	0%
Resignation rate	7.5% per annum for ages 19 to 24; 6% per annum for ages 25 to 29; 4.5% per annum for ages 30 to 34; 3% per annum for ages 35 to 39; 2% per annum for ages 40 to 44; 0% per annum for ages 45 and above

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 29. Provision for defined benefit liabilities (cont'd)

The following tables summarise the components of employee benefits expense recognised in the consolidated statement of comprehensive income and the amounts recognised in the consolidated statement of financial position as employee benefits liabilities.

The details of the net employee benefits liability are as follows:

	Group							
	2016			2015				
	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM
Present Value of the Defined Benefit Obligation ("PVDBO") as at 1 July	2,263,142	1,316,811	1,248,313	4,828,266	1,841,596	656,292	1,007,484	3,505,372
Acquisition of a subsidiary (Note 13(a))	-	-	4,255,739	4,255,739	-	-	-	-
Defined benefit obligation (Note 8)	101,800	131,290	528,372	761,462	393,121	107,303	189,743	690,167
Benefits paid	(142,804)	-	-	(142,804)	-	-	-	-
Gross amount of actuarial loss/(gain)	36,311	166,821	(1,662,800)	(1,459,668)	(39,783)	467,186	(92,991)	334,412
Currency translation differences	242,323	29,914	(347,508)	(75,271)	68,208	86,030	144,077	298,315
PVDBO as at 30 June	2,500,772	1,644,836	4,022,116	8,167,724	2,263,142	1,316,811	1,248,313	4,828,266
<b>Analysis of funded and unfunded PVDBO</b>								
PVDBO from plans that are wholly unfunded	2,500,772	1,644,836	4,022,116	8,167,724	2,263,142	1,316,811	1,248,313	4,828,266
Analysed as:								
<b>Current</b>	163,142	210,680	-	373,822	155,057	205,896	-	360,953
<b>Non-current:</b>								
Later than 1 year but not later than 2 years	167,317	-	-	167,317	173,870	-	-	173,870
Later than 2 years but not later than 5 years	148,927	-	-	148,927	205,483	-	-	205,483
Later than 5 years	2,021,386	1,434,156	4,022,116	7,477,658	1,728,732	1,110,915	1,248,313	4,087,960
Total non-current	2,337,630	1,434,156	4,022,116	7,793,902	2,108,085	1,110,915	1,248,313	4,467,313
	2,500,772	1,644,836	4,022,116	8,167,724	2,263,142	1,316,811	1,248,313	4,828,266



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 29. Provision for defined benefit liabilities (cont'd)

The following tables summarise the components of employee benefits expense recognised in the consolidated statement of comprehensive income and the amounts recognised in the consolidated statement of financial position as employee benefits liabilities. (cont'd)

The details of net employee benefits expense recognised in operations are as follows:

	Group							
	2016			2015				
	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM
Current service cost	310,964	89,938	393,331	794,233	247,672	73,951	134,300	455,923
Past service cost	(370,839)	-	-	(370,839)	-	-	-	-
Interest cost	161,675	41,352	135,041	338,068	145,449	33,352	55,443	234,244
Net employee benefits expense (Note 8)	101,800	131,290	528,372	761,462	393,121	107,303	189,743	690,167
<b>Total amount recognised in statement of comprehensive income</b>								
Gross amount of actuarial loss/(gain)	36,311	166,821	(1,662,800)	(1,459,668)	(39,783)	467,186	(92,991)	334,412
Deferred tax (Note 27)	(9,078)	(13,920)	150,618	127,620	9,946	(37,094)	27,897	749
Net amount of actuarial loss/(gain)	27,233	152,901	(1,512,182)	(1,332,048)	(29,837)	430,092	(65,094)	335,161
Cumulative amount of actuarial (gain)/loss recognised in statement of comprehensive income	(64,394)	627,206	(1,435,212)	(872,400)	(91,627)	474,305	76,970	459,648

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 29. Provision for defined benefit liabilities (cont'd)

#### Sensitivity analysis:

##### **Discount rate**

A one percentage point change in the assumed discount rate would have the following effects:

	Increase in one percentage point on discount rate				Decrease in one percentage point on discount rate			
	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM
<b>2016</b>								
Effect on the aggregate current service cost and interest cost	(231,552)	(141,727)	(677,558)	(1,050,837)	268,766	169,256	830,314	1,268,336
Effect on the PVDBO as at 30 June	(239,270)	(140,257)	(659,849)	(1,039,376)	277,725	167,500	808,612	1,253,837
<b>2015</b>								
Effect on the aggregate current service cost and interest cost	(191,867)	(145,680)	(153,115)	(490,662)	219,757	173,977	188,976	582,710
Effect on the PVDBO as at 30 June	(191,867)	(145,811)	(162,031)	(499,709)	219,757	174,133	199,980	593,870

##### **Salary increment rate**

A one percentage point change in the assumed salary increment rate would have the following effects:

	Increase in one percentage point on salary increment rate				Decrease in one percentage point on salary increment rate			
	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM
<b>2016</b>								
Effect on the aggregate current service cost and interest cost	257,656	172,160	767,434	1,197,250	(226,834)	(57,092)	(645,147)	(929,073)
Effect on the PVDBO as at 30 June	266,244	170,375	747,376	1,183,995	(234,395)	(56,500)	(628,285)	(919,180)
<b>2015</b>								
Effect on the aggregate current service cost and interest cost	211,400	176,963	189,566	577,929	(188,505)	(58,685)	(157,126)	(404,316)
Effect on the PVDBO as at 30 June	211,400	177,121	200,604	589,125	(188,505)	(58,737)	(166,275)	(413,517)

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 29. Provision for defined benefit liabilities (cont'd)

	Indonesia Plan		Thailand Plan		Philippines Plan	
	2016 RM	2015 RM	2016 RM	2015 RM	2016 RM	2015 RM
PVDBO	2,500,772	2,263,142	1,644,836	1,316,811	4,022,116	1,248,313
Experience adjustments on plan liabilities	13,580	(90,185)	-	-	(868,147)	-

### 30. Dividends

	2016		2015	
	Dividend per share SGD/RM	Amount of dividend RM	Dividend per share SGD/RM	Amount of dividend RM
<b>Declared and paid/payable during the financial year:</b>				
Dividends on ordinary shares:				
In respect of financial year ended 30 June 2014:				
- Final dividend paid per share, tax exempt (1-tier)	-	-	0.018 / 0.047	105,195,680
In respect of financial year ended 30 June 2015:				
- First interim dividend paid per share, tax exempt (1-tier)	-	-	0.008 / 0.021	46,807,509
- Second interim dividend paid per share, tax exempt (1-tier)	-	-	0.011 / 0.030	66,560,863
- Third interim dividend paid per share, tax exempt (1-tier)	-	-	0.011 / 0.030	67,186,304
- Final dividend paid per share, tax exempt (1-tier)	0.0120 / 0.0369	98,253,796	-	-
In respect of financial year ended 30 June 2016:				
- First interim dividend paid per share, tax exempt (1-tier)	0.0060 / 0.0181	48,215,157	-	-
- Second interim dividend paid per share, tax exempt (1-tier)	0.0075 / 0.0224	59,426,889	-	-
- Third interim dividend paid per share, tax exempt (1-tier)	0.0065 / 0.0194	51,613,001	-	-
		257,508,843		285,750,356
<b>Proposed but not recognised as a liability as at 30 June:</b>				
Dividends on ordinary shares, subject to shareholders' approval at the AGM	0.0100 / 0.0299	79,315,318	0.012 / 0.034	90,610,913*

\* The proposed final dividend for the financial year ended 30 June 2015 as disclosed above had taken into account the bonus shares entitlement as disclosed in Note 36(i).

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 31. Significant related party transactions

#### (a) Sale and purchase of goods and services

The Group has the following significant related party transactions between the Group and the related parties, who are not members of the Group, which took place on terms agreed between the parties during the financial year:

	Group	
	2016 RM	2015 RM
Sale of goods and rendering of services to related parties:		
- Software licensing	60,834,022	105,197,988
- Software project services	5,587,381	5,760,683
- Maintenance and enhancement services	29,206,120	38,488,522
- Sale of hardware products	8,178,998	812,368
Service fees paid to related parties	68,038,588	46,415,071
Accounting and administrative expenses paid to related parties	1,759,941	1,678,333
Other costs reimbursed from a related party	27,661	-
Rentals paid to related parties	253,860	329,483
Proceeds from disposal of property, plant and equipment to a related party	-	634,967
Purchase of property, plant and equipment from a related party	345,242	-

Information regarding outstanding balances arising from related party transactions as at reporting date are disclosed in Note 18.

#### The parent

There were no transactions other than dividends paid, between the Group and Intelligentsia Holding Ltd. during the financial year (2015: Nil).

#### (b) Compensation of key management personnel

	Group	
	2016 RM	2015 RM
Salaries and other short-term employee benefits	14,971,828	10,598,581
Performance shares plan (Note 22(d))	8,154,596	12,181,393
Defined contribution plans	938,548	762,352
Benefits-in-kind	210,032	208,045
	24,275,004	23,750,371
<i>Comprise amounts paid to:</i>		
Directors of the Company	13,277,648	15,568,829
Other key management personnel	10,997,356	8,181,542
	24,275,004	23,750,371

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 32. Commitments and contingencies

#### (a) Capital commitments

There is no significant capital commitment as at financial year end.

#### (b) Operating lease commitments - Group as lessee

The Group leases certain land and building under non-cancellable lease agreements with varying terms and renewal rights. There are no restrictions placed upon the Group and the Company as a result of entering into these leases. Operating lease payments recognised in the income statement during the financial year amounted to RM6,593,871 (2015: RM3,329,690) (Note 7).

Future minimum rental under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2016 RM	2015 RM
Not later than one year	2,328,604	541,245
Later than one year but not later than five years	5,602,317	366,045
	7,930,921	907,290

#### (c) Finance lease commitments

The Group has finance leases for its motor vehicles and office equipment (Note 11).

Future minimum lease payment under finance leases together with the present value of net minimum lease payments are disclosed in Note 26.

#### (d) Guarantees

At the reporting date, the Group has provided bank guarantees to third parties amounting to RM1,418,535 (2015: RM1,477,417). No liability is expected to arise.

At the reporting date, the Company has provided corporate guarantee to its subsidiaries amounting to RM17,457,324 (2015: RM16,939,993). No liability is expected to arise.

### 33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, liquidity risk, credit risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no derivatives shall be undertaken except for the use as hedging instrument where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of the changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with floating interest rate. The Group's policy is to manage its interest costs by obtaining the most favourable interest rates on its borrowings.

Surplus funds of the Group are placed with licensed banks as deposits to generate interest income. The Group has no significant net exposure to interest rate risk.

#### Sensitivity analysis for interest rate risk

The Group's revolving credit at variable rate was denominated in United States Dollar (USD) and Singapore Dollar (SGD). At the reporting date, assuming the market interest rate increases/decreases by 1% with other variables including tax rate being held constant, the Group's profit before tax for the financial year would have been lower/higher by RM722,396 (2015: Nil) arising mainly as a result of higher/lower interest expense on this revolving credit.

The assumed fluctuation in market interest rate sensitivity analysis is based on the observable market environment.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. There is no significant exposure to liquidity risk. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. The Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. The Group's liquidity risk management policy is to match maturities of financial assets and liabilities, and to maintain available banking facilities of a reasonable level to its overall debt position.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contracted undiscounted repayment obligations.

	Less than 1 year RM	Between 1 and 5 years RM	Over 5 years RM	Total RM
<b>Group</b>				
<b>At 30 June 2016</b>				
Trade and other payables	49,355,794	-	-	49,355,794
Amounts due to related parties (Note 18)	5,926,194	-	-	5,926,194
Revolving credit (Note 25)	72,239,600	-	-	72,239,600
Obligations under finance leases (Note 26)	866,040	1,433,164	50,028	2,349,232
	128,387,628	1,433,164	50,028	129,870,820
<b>At 30 June 2015</b>				
Trade and other payables	58,682,908	-	-	58,682,908
Amounts due to related parties (Note 18)	11,362,515	-	-	11,362,515
Obligations under finance leases (Note 26)	845,737	1,685,292	3,393	2,534,422
	70,891,160	1,685,292	3,393	72,579,845

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (b) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contracted undiscounted repayment obligations. (cont'd)

	Less than 1 year RM	Between 1 and 5 years RM	Over 5 years RM	Total RM
<b>Company</b>				
<b>At 30 June 2016</b>				
Trade and other payables	3,759,359	-	-	3,759,359
Amounts due to subsidiaries (Note 18)	17,888	-	-	17,888
Revolving credit (Note 25)	72,239,600	-	-	72,239,600
	76,016,847	-	-	76,016,847
<b>At 30 June 2015</b>				
Trade and other payables	17,479,985	-	-	17,479,985
Amounts due to subsidiaries (Note 18)	20,010	-	-	20,010
	17,499,995	-	-	17,499,995

#### (c) 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's exposure to credit risk arises primarily from trade and other receivables, advances to a joint venture and amounts due from related parties. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group monitors its credit risk closely and trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group does not expect its related parties to default on their repayment obligations. Cash and deposits are placed with reputable licensed banks.

#### Exposure to credit risk profile

As at reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 6 customers (2015: 5 customers), representing 61% (2015: 50%) of the Group's trade receivables and amounts due from related parties (trade).

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (c) Credit risk (cont'd)

##### **Credit risk concentration profile**

The Group determines concentrations of credit risk by monitoring the region of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's net trade receivables at the reporting date is as follows:

By geographical areas	Group			
	2016		2015	
	RM	%	RM	%
South East Asia	127,655,645	61%	91,189,080	86%
North East Asia	57,982,780	28%	11,412,797	11%
South Asia	16,425,108	8%	3,052,704	3%
Middle East	1,719,367	1%	-	-
Africa	791,001	-*	-	-
Europe	5,086,703	2%	186,076	-*
	209,660,604	100%	105,840,657	100%

\* Less than 1%

Represented by:	Group	
	2016 RM	2015 RM
Trade receivables - third parties (Note 17)	166,421,016	75,702,719
Amounts due from related parties - trade (Note 18)	43,239,588	30,137,938
	209,660,604	105,840,657

##### **Financial assets that are neither past due nor impaired**

Trade and other receivables, advances to a joint venture and amounts due from related parties amounting to RM133,950,142 (2015: RM121,803,692) that are not past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and cash equivalents that are neither past due nor impaired are placed with or entered with reputable licensed banks with high credit ratings and no history of default.

##### **Financial assets that are past due but not impaired**

The Group has trade receivables amounting to RM120,568,459 (2015: RM23,655,861) that are past due at the reporting date but not impaired. These receivables are unsecured and the analysis of their aging at the reporting date is as follows:

	Group	
	2016 RM	2015 RM
Past due 0 to 2 months (31 - 90 days)	24,705,558	13,119,482
Past due 2 to 5 months (91 - 180 days)	43,702,538	6,710,373
Past due over 5 months (>180 days)	52,160,363	3,826,006
	120,568,459	23,655,861



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (c) Credit risk (cont'd)

##### **Financial assets that are past due but not impaired (cont'd)**

Included in the past due over 5 months balances are:

- (i) amount totaling RM24,300,583 due from HNA Group Co., Ltd. in relation to a software services agreement which are aged more than 6 months. Subsequent to the reporting date, the outstanding balance was fully collected.
- (ii) amount totaling RM10,866,060 due from a customer in relation to maintenance services rendered which are aged more than 6 months. Subsequent to the reporting date, the outstanding balance was fully collected.

##### **Financial assets that are impaired**

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2016 RM	2015 RM
<u>Individually impaired</u>		
Trade receivables, nominal amounts	3,079,129	1,154,790
Less: Allowance for impairment	(3,079,129)	(1,154,790)
	-	-

	Group	
	2016 RM	2015 RM
At beginning of the year	1,154,790	1,236,601
Acquisition of a subsidiary (Note 13(a))	2,089,065	-
Charge for the year (Note 7)	244,436	-
Reversal (Note 5)	(250,653)	(87,933)
Currency translation differences	(158,509)	6,122
At end of the year (Note 17)	3,079,129	1,154,790

#### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The companies in the Group primarily transact in their respective functional currencies. The Group's business is exposed to foreign exchange risk arising from various currency exposures primarily with respect to sales and operating expenses denominated mainly in Singapore Dollar (SGD) and United States Dollar (USD).

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (d) Foreign currency risk (cont'd)

The Group holds short-term deposits denominated in SGD, USD, Thailand Baht (Baht), Brunei Dollar (BND), Indonesia Rupiah (IDR) and Philippine Peso (PESO) which also give rise to foreign currency exposure. The Group is also exposed to currency translation risk arising from its net investments in foreign operations whose functional currencies are not in Ringgit Malaysia. The Company's net investments in foreign operations are not hedged as currency positions of the respective companies are considered to be long-term in nature.

At the reporting date, the Group does not hedge its foreign currency exposure using any financial instruments. However, the management monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arises.

#### Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax and equity to changes in the SGD, USD, Baht, BND, IDR, Japanese Yen (JPY) and New Zealand Dollar (NZD) exchange rates against the respective functional currencies of the Group entities and functional currency of the Company, with all other variables including tax rate being held constant.

	Group			
	Profit net of tax		Equity	
	2016 RM	2015 RM	2016 RM	2015 RM
SGD/RM				
- strengthened by 7% (2015: 9%)	10,000,855	8,929,195	12,723,662	10,619,710
- weakened by 7% (2015: 9%)	(10,000,855)	(8,929,195)	(12,723,662)	(10,619,710)
USD/RM				
- strengthened by 6% (2015: 18%)	3,222,591	7,461,528	11,624,181	22,846,729
- weakened by 6% (2015: 18%)	(3,222,591)	(7,461,528)	(11,624,181)	(22,846,729)
Baht/RM				
- strengthened by 2% (2015: 13%)	492,577	6,009,189	881,120	11,600,563
- weakened by 2% (2015: 13%)	(492,577)	(6,009,189)	(881,120)	(11,600,563)
BND/RM				
- strengthened by 7% (2015: 9%)	1,518,777	1,207,135	2,601,744	2,009,799
- weakened by 7% (2015: 9%)	(1,518,777)	(1,207,135)	(2,601,744)	(2,009,799)
IDR/RM				
- strengthened by 11% (2015: 4%)	1,483,350	236,315	2,750,668	574,612
- weakened by 11% (2015: 4%)	(1,483,350)	(236,315)	(2,750,668)	(574,612)
NZD/RM				
- strengthened by 11% (2015: 9%)	3,668,030	2,681,204	3,668,030	2,681,204
- weakened by 11% (2015: 9%)	(3,668,030)	(2,681,204)	(3,668,030)	(2,681,204)

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (d) Foreign currency risk (cont'd)

##### Sensitivity analysis for foreign currency risk (cont'd)

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax and equity to changes in the SGD, USD, Baht, BND, IDR, Japanese Yen (JPY) and New Zealand Dollar (NZD) exchange rates against the respective functional currencies of the Group entities and functional currency of the Company, with all other variables including tax rate being held constant. (cont'd)

	Company			
	Profit net of tax		Equity	
	2016 RM	2015 RM	2016 RM	2015 RM
<b>SGD/RM</b>				
- strengthened by 7% (2015: 9%)	2,070,698	2,702,573	2,070,698	2,702,573
- weakened by 7% (2015: 9%)	(2,070,698)	(2,702,573)	(2,070,698)	(2,702,573)
<b>USD/RM</b>				
- strengthened by 6% (2015: 18%)	(2,526,727)	88,908	(2,526,727)	88,908
- weakened by 6% (2015: 18%)	2,526,727	(88,908)	2,526,727	(88,908)
<b>JPY/RM</b>				
- strengthened by 27% (2015: 3%)	2,567,830	362,474	2,567,830	362,474
- weakened by 27% (2015: 3%)	(2,567,830)	(362,474)	(2,567,830)	(362,474)
<b>NZD/RM</b>				
- strengthened by 11% (2015: 9%)	3,668,030	2,681,204	3,668,030	2,681,204
- weakened by 11% (2015: 9%)	(3,668,030)	(2,681,204)	(3,668,030)	(2,681,204)

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (d) Foreign currency risk (cont'd)

The Group's currency exposure is as follows:

At 30 June 2016	Ringgit Malaysia	Singapore Dollar	United States Dollar	Philippine Peso	Hong Kong Dollar	Chinese Renminbi	Japanese Yen	Thailand Baht	Brunei Dollar	Sri Lanka Rupee	Indonesia Rupiah	New Zealand Dollar	Vietnamese Dong	Czech Koruna	British Pound	Pakistani Rupee	European Euro	Total	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Financial assets</b>																			
Available-for-sale financial assets	4,729,521	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,729,521
Cash and bank balances	44,969,756	69,412,820	53,458,252	2,312,741	16,218	425	1,718,718	21,280,982	20,552,682	166	9,025,610	-	45,051	36,396	-	179,050	2,933,856	225,942,723	
Trade receivables	32,068,384	65,281,060	53,433,008	211,447	-	2,061,598	2,030,702	4,994,247	1,165,770	-	4,887,734	-	11,489	-	9,363	-	266,214	166,421,016	
Other receivables	2,211,150	1,115,052	6,281,778	350,133	-	-	717,473	404,720	51,112	-	102,561	-	-	4,137	27,360	22,396	136,146	11,424,018	
Amounts due from related parties	3,684,154	39,618,924	-	-	-	-	-	24,626	-	-	-	-	-	-	-	-	-	-	43,327,704
Advances to a joint venture	-	-	-	-	-	-	-	-	-	-	-	33,345,863	-	-	-	-	-	-	33,345,863
	87,662,965	175,427,856	113,173,038	2,874,321	16,218	2,062,023	4,466,893	26,704,575	21,769,564	166	14,015,905	33,345,863	56,540	40,533	36,723	201,446	3,336,216	485,190,845	
<b>Financial liabilities</b>																			
Loans and borrowings	470,043	24,180,507	48,327,600	-	-	-	1,402,701	-	-	-	92,473	-	-	-	-	-	-	-	74,473,324
Trade payables	9,662,938	858,972	6,658,985	263,171	-	-	934,613	-	-	-	-	-	3,951	-	-	-	6,512	18,389,142	
Other payables	9,435,969	6,694,996	4,476,609	3,360,203	4,146	-	1,050,905	1,550,457	72,748	-	438,433	139	-	-	2,578	398,691	3,480,778	30,966,652	
Amounts due to related parties	3,678,208	824,028	-	308,451	-	-	590,227	525,280	-	-	-	-	-	-	-	-	-	-	5,926,194
	23,247,158	32,558,503	59,463,194	3,931,825	4,146	-	3,978,446	2,075,737	72,748	-	530,906	139	-	3,951	2,578	398,691	3,487,290	129,759,312	
<b>Net financial assets/ (liabilities)</b>	64,415,807	142,869,353	53,709,844	(1,057,504)	12,072	2,062,023	488,447	24,628,838	21,696,816	166	13,484,999	33,345,724	56,540	36,582	34,145	(197,245)	(151,074)	355,435,533	
Less: Net financial position denominated in the respective entities functional currencies	(64,326,177)	(38,760,153)	(19,786,210)	1,057,504	(12,072)	-	(402,607)	(24,594,781)	(21,696,816)	-	(13,396,117)	-	-	(36,582)	(24,782)	197,245	417,288	(181,364,260)	
<b>Currency exposure</b>	89,630	104,109,200	33,923,634	-	-	-	2,062,023	85,840	34,057	166	88,882	33,345,724	56,540	-	9,363	-	266,214	174,071,273	

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (d) Foreign currency risk (cont'd)

The Group's currency exposure is as follows: (cont'd)

At 30 June 2015	United States										New Zealand Dollar RM	Total RM	
	Ringgit Malaysia RM	Singapore Dollar RM	Philippine Peso RM	Hong Kong Dollar RM	Chinese Renminbi RM	Japanese Yen RM	Thailand Baht RM	Brunei Dollar RM	Lanka Rupee RM	Indonesia Rupiah RM			
<b>Financial assets</b>													
Available-for-sale financial assets													
- money market fund	10,390,000	-	-	-	-	-	-	-	-	-	-	-	10,390,000
Cash and bank balances	154,650,106	72,724,707	28,219,875	1,134,447	-	1,506,647	42,651,591	13,384,411	730	6,238,652	-	-	320,514,200
Trade receivables	31,253,882	6,201,904	21,453,831	157,694	6,009,689	1,393,424	4,012,534	4,438,816	-	780,945	-	-	75,702,719
Other receivables	1,337,360	388,200	3,960,199	182,283	-	566,317	991,344	2,143,209	-	209,767	-	-	9,778,679
Amounts due from related parties	1,601,151	27,441,508	-	-	-	-	1,144,204	-	-	-	-	-	30,186,863
Advances to a joint venture	-	-	-	-	-	-	-	-	-	-	-	29,791,292	29,791,292
	199,232,499	106,756,319	53,633,905	1,474,424	3,034	3,466,388	48,799,673	19,966,436	730	7,229,364	29,791,292	476,363,753	
<b>Financial liabilities</b>													
Loans and borrowings	532,547	244,573	-	-	-	1,494,436	-	-	-	139,369	-	-	2,410,925
Trade payables	8,449,690	2,304,940	11,945,438	-	-	719,089	89,520	-	-	-	-	-	23,508,677
Other payables	23,488,425	2,580,128	235,531	1,238,142	3,898	752,127	1,637,105	3,859,663	-	1,061,806	139	-	34,856,964
Amounts due to related parties	4,933,857	2,413,401	-	-	-	352,266	848,515	2,694,164	-	120,312	-	-	11,362,515
	37,404,519	7,543,042	12,180,969	1,238,142	3,898	-	2,575,140	6,553,827	-	1,321,487	139	72,139,081	
<b>Net financial assets/ (liabilities)</b>	161,827,980	99,213,277	41,452,936	236,282	(864)	6,009,689	46,224,533	13,412,609	730	5,907,877	29,791,153	404,224,672	
Less: Net financial position denominated in the respective entities functional currencies	(161,492,661)	(18,103,201)	(78,037)	(236,282)	864	(80,702)	(45,906,688)	(13,413,310)	-	(5,800,289)	-	(245,110,306)	
<b>Currency exposure</b>	335,319	81,110,076	41,374,899	-	-	6,009,689	317,845	(701)	730	107,588	29,791,153	159,114,366	

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (d) Foreign currency risk (cont'd)

The Company's currency exposure is as follows:

	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Japanese Yen RM	New Zealand Dollar RM	Total RM
<b>At 30 June 2016</b>						
<b>Financial assets</b>						
Cash and bank balances	263,236	32,152,883	6,252,167	85,840	-	38,754,126
Dividend receivable	-	24,315,200	-	-	-	24,315,200
Other receivables	-	-	61	-	-	61
Amount due from a subsidiary	34,902	-	-	-	-	34,902
Loan to a subsidiary	-	-	-	9,424,643	-	9,424,643
Advances to a joint venture	-	-	-	-	33,345,863	33,345,863
	298,138	56,468,083	6,252,228	9,510,483	33,345,863	105,874,795
<b>Financial liabilities</b>						
Loans and borrowings	-	23,912,000	48,327,600	-	-	72,239,600
Other payables	765,678	2,956,797	36,745	-	139	3,759,359
Amounts due to subsidiaries	-	17,888	-	-	-	17,888
	765,678	26,886,685	48,364,345	-	139	76,016,847
<b>Net financial (liabilities)/assets</b>	(467,540)	29,581,398	(42,112,117)	9,510,483	33,345,724	29,857,948
Less: Net financial position denominated in the functional currencies	467,540	-	-	-	-	467,540
<b>Currency exposure</b>	-	29,581,398	(42,112,117)	9,510,483	33,345,724	30,325,488
<b>At 30 June 2015</b>						
<b>Financial assets</b>						
Cash and bank balances	59,962,794	30,476,205	536,649	67,768	-	91,043,416
Other receivables	231,881	6,256	8,732	-	-	246,869
Loan to a subsidiary	-	-	-	12,014,683	-	12,014,683
Advances to a joint venture	-	-	-	-	29,791,292	29,791,292
	60,194,675	30,482,461	545,381	12,082,451	29,791,292	133,096,260
<b>Financial liabilities</b>						
Other payables	16,676,631	434,503	51,445	-	139	17,162,718
Amounts due to subsidiaries	645	19,365	-	-	-	20,010
	16,677,276	453,868	51,445	-	139	17,182,728
<b>Net financial assets</b>	43,517,399	30,028,593	493,936	12,082,451	29,791,153	115,913,532
Less: Net financial position denominated in the functional currencies	(43,517,399)	-	-	-	-	(43,517,399)
<b>Currency exposure</b>	-	30,028,593	493,936	12,082,451	29,791,153	72,396,133

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (e) Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

##### Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

#### (i) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Fair value measurements at the end of the reporting period using			Total RM
	Quoted prices in active markets for identical instruments (Level 1) RM	Significant observable inputs other than quoted prices (Level 2) RM	Significant unobservable inputs (Level 3) RM	
<b>Assets measured at fair value</b>				
<b>2016</b>				
<b>Financial asset:</b>				
<u>Current asset</u>				
Available-for-sale financial assets				
- money market fund	-	4,729,521	-	4,729,521
<b>Financial asset as at 30 June 2016</b>	-	4,729,521	-	4,729,521
<b>2015</b>				
<b>Financial asset:</b>				
<u>Current asset</u>				
Available-for-sale financial assets				
- money market fund	-	10,390,000	-	10,390,000
<b>Financial asset as at 30 June 2015</b>	-	10,390,000	-	10,390,000

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

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

#### (e) Fair values of financial instruments (cont'd)

(ii) The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

- **Available-for-sale financial assets - money market fund, cash and cash equivalents, other receivables, other payables, amounts due from/to subsidiaries/related parties, loan to a subsidiary, dividend receivable and revolving credit**

The carrying amounts approximate fair values due to the relatively short term maturity of these financial instruments.

Unquoted money market funds are valued based on currently available deposits with similar terms and maturities.

- **Trade receivables and trade payables**

The carrying amounts approximate fair values because these are subject to normal trade credit terms.

- **Obligations under finance leases**

The fair values of the obligations under finance leases are determined by the present value of minimum lease payments, which are estimated by discounting the expected future cash flows at market incremental lending rate for similar types of finance leases at the reporting date.

#### (f) Collateral

Other than part of short-term deposits pledged with banks as disclosed in Note 21, the Group has no other significant terms and conditions associated with the use of collateral.

The Group did not hold collateral as at 30 June 2016 (2015: Nil).



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 30 June 2016 and 2015.

The Group monitors capital using the net asset value of the Group, which is total assets less total liabilities of the Group. The net asset value of the Group as at 30 June 2016 is RM602,608,967 (2015: RM639,417,708).

The Group and its subsidiaries are not subject to any externally imposed capital requirements.

### 35. Segment information

For management purposes, the Group is organised into six business segments: software licensing; rendering of software project services; maintenance and enhancement services; sale of software and hardware products; credit and cards processing services and insurance processing services.

Other operations of the Group comprise investment holding which does not constitute a separate reportable segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial year to acquire segment assets which are expected to be used for more than one period.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to individual segments as they are managed on a group basis.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 35. Segment information (cont'd)

#### (a) Business information

The following table presents the revenue and results information regarding the Group's business segments for the financial years ended 30 June 2016 and 2015 and assets, liabilities and other segment information regarding the Group's segments as at 30 June 2016 and 30 June 2015.

2016	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Credit and cards processing RM	Insurance processing RM	Others RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
<b>Revenue:</b>										
External customers	127,903,481	100,133,849	346,169,980	16,728,382	20,101,583	25,245,032	324,354,354	(324,354,354)	A	636,282,307
<b>Results:</b>										
Finance income	174,861	306,294	726,801	31,990	357	159,102	741,352	-		2,140,757
Finance expense	(93,411)	(114,471)	(34,018)	(720)	(28,708)	-	(839,078)	-		(1,110,406)
Selling and distribution costs	(2,364,009)	(3,117,571)	(16,113,263)	(299,727)	(585,525)	(1,177,621)	-	-		(23,657,716)
Depreciation of property, plant and equipment	(159,471)	(201,713)	(1,535,959)	(27,016)	(930,811)	(149,874)	(764)	-		(3,005,608)
Amortisation of intangible assets	(9,652,599)	-	(678,561)	-	(905,362)	(2,205,400)	-	-		(13,441,922)
Share of profit of associates and a joint venture	-	-	-	-	-	-	1,848,470	-		1,848,470
Provision for foreseeable losses	-	-	(2,203,506)	-	-	-	-	-		(2,203,506)
Gain on dilution of interest in an associate arising from issuance of new shares pursuant to employee shares incentive plan	-	-	-	-	-	-	2,907,261	-		2,907,261
Other non-cash income/(expenses)	1,690,062	840,598	(586,788)	102,939	58,035	(110,450)	4,105,250	-	B	6,099,646
Segment profit/(loss)	112,965,699	44,071,600	174,347,979	6,807,470	2,737,174	16,362,954	(73,520,340)	16,446,600	C	300,219,136
<b>Assets:</b>										
Investments in associates	-	-	-	-	-	-	106,380,900	-		106,380,900
Interest in a joint venture	-	-	-	-	-	-	31,611,357	-		31,611,357
Capital expenditure	28,939,308	1,355,539	27,146,184	81,976	896,122	364,119	-	-	D	58,783,248
Segment assets	129,044,916	66,246,536	357,304,897	5,762,751	10,861,985	74,360,946	182,320,027	7,460,667	E	833,362,725
<b>Segment liabilities</b>	5,251,116	8,288,654	103,762,308	950,333	3,978,447	3,561,299	76,073,679	28,887,922	F	230,753,758

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 35. Segment information (cont'd)

#### (a) Business information (cont'd)

The following table presents the revenue and results information regarding the Group's business segments for the financial years ended 30 June 2016 and 2015 and assets, liabilities and other segment information regarding the Group's segments as at 30 June 2016 and 30 June 2015. (cont'd)

	2015	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Credit cards processing RM	Insurance processing RM	Others RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
<b>Revenue:</b>											
External customers	131,754,872	59,779,121	283,316,190	6,216,172	14,322,063	20,654,734	273,502,840	(273,502,840)	A		516,043,152
<b>Results:</b>											
Finance income	343,998	226,698	1,295,472	34,789	355	19,747	1,422,216	-			3,343,275
Finance expense	(30,137)	(34,390)	(331,759)	(5,781)	(32,743)	-	(1,432,112)	-			(1,866,922)
Selling and distribution costs	(3,344,526)	(2,143,471)	(4,485,116)	(97,186)	(469,793)	(716,684)	-	-			(11,256,776)
Depreciation of property, plant and equipment	(210,937)	(150,426)	(810,297)	(14,168)	(556,239)	(256,104)	(3,421)	-			(2,001,592)
Amortisation of intangible assets	(7,397,022)	(545,852)	(239,145)	-	(670,991)	(2,310,025)	-	-			(11,163,035)
Share of profit of associates and a joint venture	-	-	-	-	-	-	5,527,279	-			5,527,279
Gain on dilution of interest in an associate arising from Initial Public Offering	-	-	-	-	-	-	19,189,670	-			19,189,670
Other non-cash income/(expenses)	810,757	183,564	1,475,444	(5,077)	(35,145)	45,744	(10,870,916)	-	B		(8,395,629)
Segment profit/(loss)	118,935,833	13,865,449	176,895,774	2,351,534	2,687,088	13,079,091	(27,724,567)	6,739,000	C		306,829,202
<b>Assets:</b>											
Investments in associates	-	-	-	-	-	-	102,095,635	-			102,095,635
Interest in a joint venture	-	-	-	-	-	-	28,359,311	-			28,359,311
Capital expenditure	63,502	55,805	504,315	9,452	2,355,572	217,326	-	-	D		3,205,972
Segment assets	113,128,140	59,494,075	281,824,928	4,662,368	9,226,683	80,387,844	226,372,824	3,937,269	E		779,034,131
<b>Segment liabilities</b>	10,049,137	12,359,984	66,071,056	640,470	3,317,918	2,971,971	17,209,014	26,996,873	F		139,616,423

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 35. Segment information (cont'd)

#### (a) Business information (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the financial year (2015: Nil).

B Other non-cash income/(expenses) consist of allowance for unutilised leave, allowance for defined benefit liabilities, bad debts written off, reversal of impairment/(impairment) of financial assets, gain/(loss) on disposal of property, plant and equipment, write off of property, plant and equipment, performance shares issued, unrealised foreign currency exchange gain/(loss), fair value adjustment on contingent consideration for business combination and gain on redemption of available-for-sale financial assets as presented in the respective notes to the financial statements.

C The following items are added to segment profit to arrive at "Profit before tax" presented in the consolidated income statement:

	2016 RM	2015 RM
Reversal of impairment loss in investment in an associate	747,600	-
Reversal of impairment loss on loan to a subsidiary	11,415,000	6,739,000
Reversal of impairment loss in investment in a subsidiary	4,284,000	-
	16,446,600	6,739,000

D Capital expenditure consists of additions to property, plant and equipment and intangible assets, including assets from the acquisition of a subsidiary.

E The following items are added to segment assets to arrive at total assets reported in consolidated statement of financial position:

	2016 RM	2015 RM
Tax recoverable	1,670,392	1,837,700
Deferred tax assets	5,790,275	2,099,569
	7,460,667	3,937,269

F The following items are added to segment liabilities to arrive at total liabilities reported in consolidated statement of financial position:

	2016 RM	2015 RM
Income tax payable	10,754,073	11,521,738
Deferred tax liabilities	18,133,849	15,475,135
	28,887,922	26,996,873

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 35. Segment information (cont'd)

#### (b) Geographical information

The Group's six main business segments operate in seven main geographical regions:

- South East Asia – the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; sale of software and hardware products; and insurance processing.
- North East Asia – the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; and credit and cards processing.
- South Asia – the operations in this area are principally rendering of software project services; and maintenance and enhancement services.
- Middle East – the operations in this area are principally software licensing; rendering of software project services; and maintenance and enhancement services.
- North America – the operations in this area are principally software licensing; and rendering of software project services.
- Africa – the operations in this area are principally software licensing; and rendering of software project services.
- Europe – the operations in this area are principally rendering of software project services; and maintenance and enhancement services.

Revenue, trade receivables and amounts due from related parties (trade) are based on the country in which the end-customer is located. Other assets and capital expenditure are shown by the geographical region where the assets are located.

	2016 RM	2015 RM
<b>Revenue</b>		
South East Asia	459,652,017	470,157,394
North East Asia	120,318,382	28,098,573
South Asia	21,123,746	5,837,994
Middle East	11,349,184	3,785,579
Africa	5,907,178	7,550,228
Europe	17,931,800	613,384
	636,282,307	516,043,152
<b>Capital expenditure</b>		
South East Asia	56,478,383	850,400
North East Asia	896,122	2,355,572
South Asia	114,788	-
Europe	1,293,955	-
	58,783,248	3,205,972

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 35. Segment information (cont'd)

#### (b) Geographical information (cont'd)

	2016 RM	2015 RM
<b>Segmental assets</b>		
South East Asia	581,244,138	598,182,740
North East Asia	72,379,334	23,889,988
South Asia	20,793,412	10,144,252
Middle East	2,965,592	28,250
North America	6,556,896	7,951,819
Africa	1,166,062	8,197,108
Europe	10,265,034	185,028
Investments in associates	695,370,468	648,579,185
Interest in a joint venture	106,380,900	102,095,635
	31,611,357	28,359,311
	833,362,725	779,034,131

No other individual country contributed more than 10% of consolidated revenue and non-current assets, except for:

	2016 RM	2015 RM
<b>Revenue</b>		
Malaysia	221,599,762	285,274,335
China	99,302,450	-
Singapore	91,150,262	56,699,159
Indonesia	70,400,472	76,481,896
<b>Non-current assets *</b>		
Malaysia	96,271,201	92,286,881
Singapore	93,993,785	55,340,679

\* Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

#### Information about major customers

One major customer (2015: two major customers) contributed more than 10% of the total Group's revenue which amounting to RM87,272,508 (2015: RM181,268,080). Revenue from major customers arise from software licensing, software project services, maintenance and enhancement services and sale of software and hardware products.

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 36. Significant events during the financial year

#### (i) Issuance of bonus shares

On 8 July 2015, 448,929,692 bonus shares were allotted and issued on the basis of one (1) bonus share for every five (5) existing shares held by shareholders in the capital of the Company. The bonus shares was listed and quoted on the Official List of the SGX-ST. The trading of bonus shares on SGX-ST commenced with effect from 9 July 2015.

Following the allotment and issuance of bonus shares, the total number of issued shares has increased from 2,244,649,108 shares to 2,693,578,800 shares (excluding treasury shares) and the number of treasury shares remained at 2,894,000. The bonus issue was made by way of capitalisation of RM33,557,495 of the Company's and the Group's share premium account.

The bonus shares issued rank *pari passu* in all respects with the existing ordinary shares of the Company.

The impact of the bonus shares issued on the changes in share capital and share premium are disclosed in Note 22(a) and Note 22(b).

#### (ii) Allegations

A report dated 20 August 2015 ("Report"), was disseminated online making various allegations regarding the historical performance and operations of the Group. The directors of the Company highlighted that the Report was published anonymously and noted that the thrust of the Report related to certain related party transactions entered into between the Group and private companies controlled by the Company's controlling shareholder, Mr. Goh Peng Ooi ("Silverlake Private Entities"), including the acquisition of Silverlake Adaptive Applications & Continuous Improvement Services Ltd. ("SAACIS"), in 2006, as well as the structured services business ("SSL Group") and the QR Group, in 2010, and suggests possible impropriety in connection with these transactions.

To provide additional comfort to the shareholders, the Company engaged Deloitte Singapore to undertake an independent review of the allegations concerning the related party transactions entered into between the Company and the Silverlake Private Entities and the associated profit margins as referred to in the Report and to provide its findings and conclusions as to their veracity.

On 6 January 2016, the Company released the Executive Report prepared by Deloitte Singapore. The Board of Directors of the Company is of the view that the report presented clearly that there was no impropriety in connection with the transactions reviewed and the transactions were undertaken in due compliance with applicable statutory and listing requirements. There were no adverse implications on the Group's and the Company's operations and financial positions.

#### (iii) Acquisition of a subsidiary

On 17 September 2015, the Company entered into a conditional Sale and Purchase Agreement with SunGard Asia Pacific Inc. to acquire the entire share capital of SunGard Ambit (Singapore) Pte. Ltd. for a cash consideration of USD12,000,000 (equivalent to RM52,700,000), subject to working capital and net assets or liabilities adjustments ("Adjustment"). The Adjustment was finalised during the financial year with an agreed total cash consideration of USD16,777,492 (equivalent to RM71,369,549) for the acquisition.

Subsequent to the acquisition, the name of the acquired subsidiary has been changed to Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri").

The acquisition was completed on 1 October 2015 and Symmetri becomes a wholly-owned subsidiary of the Company.

The impact of the acquisition is as disclosed in Note 13(a).

## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 36. Significant events during the financial year (cont'd)

#### (iv) Acquisition of remaining equity interest in a subsidiary

On 3 December 2015, the Company exercised the Call Option to acquire the remaining 20% equity interest in Merimen Ventures Sdn. Bhd. ("Merimen") for a total cash consideration of RM15,057,600 as disclosed in Note 13(c).

#### (v) Issuance of new shares pursuant to employee shares incentive plan of an associate

On 5 January 2016, Global InfoTech Co. Ltd. ("GIT") obtained approval from its shareholders and granted 1,600,000 shares to 100 eligible employees at RMB20.89 per share under its restricted employee shares incentive plan (the "Plan"). The Plan is valid for 48 months from the grant date with a moratorium period of 12 months.

Pursuant to the Plan, the total number of GIT's issued shares increased from 133,340,000 to 134,940,000 during the financial year. Consequently, the Company's interest in GIT was diluted from 20.25% to 20.01%.

The impact of the dilution of interest is as disclosed in Note 14.

### 37. Significant events after the financial year

#### (i) Disposal of shares in an associate

On 1 June 2016, GIT announced that the Moratorium Period for its listing on ChiNext of the Shenzhen Stock Exchange ("ChiNext") for the Company had expired and the Company, being one of the substantial shareholders of GIT, had advised GIT that it may sell up to 8,000,000 of its GIT shares within the six-month period commencing from 24 June 2016.

At the date of issuance of these financial statements, the Company had disposed 4,500,000 GIT's shares by block trade on ChiNext. The details of disposal of the said shares are as follows:

Date of disposal	Number of shares disposed	Gross cash consideration RM' million	Proportion of ownership interest held after disposal %
20 July 2016	1,000,000	38.82	19.27
26 July 2016	1,000,000	37.61	18.53
1 September 2016	1,000,000	38.95	17.79
6 September 2016	1,500,000	56.60	16.67



## Notes to the Financial Statements (cont'd)

For the financial year ended 30 June 2016

### 37. Significant events after the financial year (cont'd)

#### (ii) Proposed issuance of bonus shares by an associate

On 13 September 2016 (the "EGM Date"), GIT obtained approval from its shareholders for GIT's 2016 half-yearly profit distribution plan to issue bonus shares using its capital surplus reserve on the basis of twenty two (22) new shares for every ten (10) existing shares held by shareholders of GIT at book closure date. Following the proposed issuance of bonus shares, the total number of issued shares in the capital of GIT will be enlarged from 134,940,000 shares to 431,808,000 shares.

GIT shall complete the process such as determination of book closure date, filling of new shares with ChiNext and registration of the bonus shares to its eligible shareholders within 2 months from the EGM Date.

At the date of issuance of these financial statements, the proportion of ownership interest held by the Company in GIT is 16.67% and will remain the same after the bonus shares are issued.

### 38. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 28 September 2016.



# Statistics of Shareholdings

AS AT 21 SEPTEMBER 2016

Issued and fully paid-up capital	: RM191,040,654
No. of shares issued	: 2,696,472,800 shares
Class of shares	: Ordinary shares
Voting rights	: One vote per share
No. of treasury shares held	: 52,255,200
Percentage of treasury shares against total number of issued ordinary shares (excluding treasury shares)	: 2.0%

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares (excluding treasury shares)	%
1 - 99	17	0.62	512	0.00
100 - 1,000	122	4.42	75,997	0.00
1,001 - 10,000	1,281	46.36	7,283,216	0.28
10,001 - 1,000,000	1,312	47.48	70,778,051	2.68
1,000,001 AND ABOVE	31	1.12	2,566,079,824	97.04
<b>TOTAL</b>	<b>2,763</b>	<b>100.00</b>	<b>2,644,217,600</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	714,271,124	27.01
2	INTELLIGENTSIA HOLDING LTD	511,703,614	19.35
3	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	461,552,400	17.46
4	RAFFLES NOMINEES (PTE) LIMITED	292,537,950	11.06
5	HSBC (SINGAPORE) NOMINEES PTE LTD	192,358,863	7.27
6	DBS NOMINEES (PRIVATE) LIMITED	105,914,690	4.01
7	CIMB SECURITIES (SINGAPORE) PTE LTD	66,944,690	2.53
8	SEE CHUANG THUAN OR LOI PEK KEAW	38,705,953	1.46
9	ABN AMRO NOMINEES SINGAPORE PTE LTD	32,400,000	1.23
10	DBSN SERVICES PTE. LTD.	20,276,588	0.77
11	MACQUARIE CAPITAL SECURITIES (SINGAPORE) PTE LIMITED	18,631,000	0.70
12	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	17,915,815	0.68
13	DB NOMINEES (SINGAPORE) PTE LTD	13,803,240	0.52
14	KWONG YONG SIN	12,972,000	0.49
15	PHILLIP SECURITIES PTE LTD	10,261,411	0.39
16	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	9,841,601	0.37
17	OCBC SECURITIES PRIVATE LIMITED	6,822,500	0.26
18	UOB KAY HIAN PRIVATE LIMITED	5,767,200	0.22
19	GOH BEE LAN	5,500,000	0.21
20	MAYBANK KIM ENG SECURITIES PTE. LTD.	5,350,024	0.20
<b>TOTAL</b>		<b>2,543,530,663</b>	<b>96.19</b>

## Statistics of Shareholdings (cont'd)

### SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company as at 21 September 2016 are as follows:

	No. of Ordinary Shares of USD0.02 each			
	Direct Interest	%	Deemed Interest	%
INTELLIGENTSIA HOLDING LTD	1,736,426,473	65.67	-	-
GOH PENG OOI	-	-	1,736,426,473	65.67

Note:

Intelligentsia Holding Ltd. is wholly-owned by Mr. Goh Peng Ooi. As such, Mr. Goh Peng Ooi is deemed to have an interest in the 1,736,426,473 shares held by Intelligentsia Holding Ltd. A total of 1,224,722,859 shares held by Intelligentsia Holding Ltd. are registered in the names of nominee companies.

### FREE FLOAT

As at 21 September 2016, approximately 33.63% of the issued ordinary shares of the Company was held in the hands of the public (on the basis of information available to the Company).

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.



# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT an Annual General Meeting of SILVERLAKE AXIS LTD will be held at East India Rooms, Level 1, Raffles Hotel Singapore, 1 Beach Road, Singapore 189673 on Thursday, 27 October 2016 at 10.00 a.m. for the following purposes:

## AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 30 June 2016 together with the Directors' Report and Auditors' Report thereon. **Resolution 1**
2. To declare a final tax exempt 1-Tier dividend of Singapore cents 1.0 per share for the financial year ended 30 June 2016 as recommended by the Directors. **Resolution 2**
3. To approve the payment of Directors' Fees of S\$960,000 (2015: S\$960,000) for the financial year ending 30 June 2017, to be paid quarterly in arrears. **Resolution 3**
4. To re-elect Mr. Goh Peng Ooi, who is retiring under Bye-Law 86(1) of the Company's Bye-Laws, as Director of the Company. **Resolution 4**  
[See Explanatory Note (i)]
5. To re-elect Mr. Ong Kian Min, who is retiring under Bye-Law 86(1) of the Company's Bye-Laws, as Director of the Company. **Resolution 5**  
[See Explanatory Note (ii)]
6. To re-elect Datuk Sulaiman bin Daud, who is retiring under Bye-Law 86(1) of the Company's Bye-Laws, as Director of the Company. **Resolution 6**  
[See Explanatory Note (iii)]
7. To re-appoint Messrs Ernst & Young, as auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 7**
8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting ("**AGM**").

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:

9. **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES** **Resolution 8**

"That pursuant to Rule 806 of the Listing Manual ("**Listing Manual**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), the Directors of the Company be authorised and empowered to:

  - (a) (i) issue ordinary shares in capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
  - (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and,

## Notice of Annual General Meeting (cont'd)

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares) shall be based on the total number of issued Shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities;
  - (b) new Shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Company's Bye-Laws; and
- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (iv)]

### 10. **AUTHORITY TO GRANT AWARDS AND TO ALLOT AND ISSUE SHARES UNDER SILVERLAKE AXIS LTD PERFORMANCE SHARE PLAN 2010 (THE "PSP")** **Resolution 9**

"That authority be and is hereby given to the Directors of the Company to grant awards from time to time in accordance with the provisions of the PSP, and to allot and issue from time to time such number of Shares as may be required to be issued pursuant to the release of awards granted under the PSP, provided always that the aggregate number of Shares to be issued pursuant to the PSP shall not exceed 5% of the total number of issued Shares excluding treasury shares from time to time, as determined in accordance with the provisions of the PSP."

[See Explanatory Note (v)]

## Notice of Annual General Meeting (cont'd)

### 11. RENEWAL OF SHARE PURCHASE MANDATE

Resolution 10

“THAT:

(a) for the purposes of Section 42A of the Bermuda Companies Act 1981 (the “Act”), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire issued Shares not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the maximum Price (as hereafter defined), whether by way of:

- (i) market purchases (each a “**Market Purchase**”) on the SGX-ST; and/or
- (ii) off-market purchases (each an “**Off-Market Purchase**”) effected otherwise than on the SGX-ST in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the “**Share Purchase Mandate**”);

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

- (i) the date on which the next AGM of the Company is held or required by law to be held; or
- (ii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by ordinary resolution of the Company in a general meeting;

(c) In this Resolution:

“**Prescribed Limit**” means that number of issued Shares representing 10% of the issued Shares of the Company as at the date of the passing of this Resolution (excluding any Shares which are held as treasury shares); and

“**Maximum Price**” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

- (i) in the case of a Market Purchase, 105% of the Average Closing Price; and
- (ii) in the case of an Off-Market Purchase, 110% of the Average Closing Price,

where:

“**Average Closing Price**” means the average of the closing market prices of a Share over the last 5 market days on which Shares were transacted on the SGX-ST immediately preceding the date of making the Market Purchase by the Company or, as the case may be, the date of making the offer pursuant to the Off-Market Purchase, as deemed to be adjusted for any corporate action that occurs after the relevant 5 market day period;

## Notice of Annual General Meeting (cont'd)

“**date of the making of the offer**” means the day on which the Company makes an offer for the purchase of Shares from shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase, and

“**market day**” means a day on which the SGX-ST is open for trading in securities; and

- (d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.”

[See Explanatory Notes (vi)]

### 12. RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

Resolution 11

“THAT:

- (a) approval be and is hereby given for the purposes of Chapter 9 of the Listing Manual of the SGX-ST for the Company, its subsidiaries and associated companies or any of them to enter into any of the transactions falling within the types of the interested person transactions (“**Recurrent Transactions**”) set out in the Company’s Circular to Shareholders dated 2 October 2008 (“**Circular**”), with any party who is of the classes of Interested Person described in the Circular, provided that such interested transactions are carried out on normal commercial terms and in accordance with the review procedures for Recurrent Transactions as set out in the Circular (“**General Mandate**”);
- (b) the General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company;
- (c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors of the Company and each of them be hereby authorised to complete and do all such acts and things including executing all such documents as may be required as they or he may consider expedient or necessary or in the interest of the Company to give effect to the General Mandate and/or this resolution.”

[See Explanatory Notes (vii)]

### BY ORDER OF THE BOARD

**Tan Min-Li**  
**Hoong Lai Ling**  
Joint Company Secretaries  
Singapore

Date: 12 October 2016

## Notice of Annual General Meeting (cont'd)

### Explanatory Notes:

- (i) If re-elected under Resolution 4 above, Mr. Goh Peng Ooi will remain as Group Executive Chairman of the Company, the Chairman of the Board of Directors and a member of Nominating Committee. He is a substantial shareholder through his wholly-owned Company, Intelligentsia Holding Ltd and the father of Ms. Goh Shiou Ling who is a Non-Executive Non-Independent Director of the Company. Save as disclosed herein, there is no other relationship including immediate family relationship between Mr. Goh Peng Ooi and the other Directors and the Company. Detailed information on Mr. Goh Peng Ooi can be found at page 13 of the Annual Report.
- (ii) If re-elected under Resolution 5 above, Mr. Ong Kian Min will remain as an Independent Director of the Company, Chairman of the Audit and Nominating Committees and a member of the Remuneration Committee. He will be considered as independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. There is no relationship including immediate family relationships between Mr. Ong Kian Min and the other Directors, the Company, or its 10% shareholders (as defined in the Code). Detailed information on Mr. Ong Kian Min can be found at page 14 of the Annual Report.
- (iii) If re-elected under Resolution 6 above, Datuk Sulaiman bin Daud will remain as a Non-Executive Director of the Company and a member of the Nominating Committee. There is no relationship including immediate family relationships between Datuk Sulaiman bin Daud and the other Directors, the Company, or its 10% shareholders (as defined in the Code). Detailed information on Datuk Sulaiman bin Daud can be found at page 16 of the Annual Report.
- (iv) Resolution 8 above, if passed, will empower the Directors of the Company to issue Shares and make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments, up to a maximum of fifty percent (50%) of the issued Share capital of the Company (of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty percent (20%) of the issued Share capital of the Company) for such purposes as they consider would be in the interests of the Company.
- (v) Resolution 9 proposed above, if passed, will empower the Directors of the Company, to grant awards and to allot and issue Shares in accordance with the PSP.
- (vi) Resolution 10 proposed above, if passed, will be effective until the next AGM, the Share Purchase Mandate for the Company to make purchases or acquisitions of its issued ordinary Shares. The Company intends to use internal sources of funds, external borrowings, or a combination of internal resources and external borrowings, to finance purchases or acquisitions of its Shares. Please refer to the Letter to Shareholders on (I) Proposed Renewal of Share Purchase Mandate and (II) Proposed Renewal of Interested Person Transactions (“IPT”) General Mandate dated 12 October 2016.
- (vii) Please refer to the Letter to Shareholders on (I) Proposed Renewal of Share Purchase Mandate and (II) Proposed Renewal of Interested Person Transactions (“IPT”) General Mandate dated 12 October 2016.



## Notice of Annual General Meeting (cont'd)

### Notes:

- (i) A shareholder entitled to attend and vote at the AGM is entitled to appoint not more than 2 proxies to attend and vote in his stead.
- (ii) Where a shareholder appoints 2 proxies, the appointments shall be invalid unless the shareholder specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy in the proxy form.
- (iii) A proxy need not be a shareholder of the Company.
- (iv) The instrument appointing a proxy or proxies must be deposited at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, not less than 48 hours before the time of the AGM.
- (v) The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. If the appointor is a corporation, the instrument appointing a proxy or proxies must be executed by the appointor under its common seal or under the hand of an officer, attorney or other person authorised to sign the same. The power of attorney or other authority (if any) or a duly certified copy thereof must be attached to the instrument of proxy.
- (vi) Investor holding their shares through a nominee within The Central Depository (Pte) Limited system in Singapore or other agent should contact their nominee, depository agent or professional adviser with regard to the procedures required to enable them to be represented and to vote at the AGM.

### Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.



**silverlake**  
SYMMETRY AT WORK

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