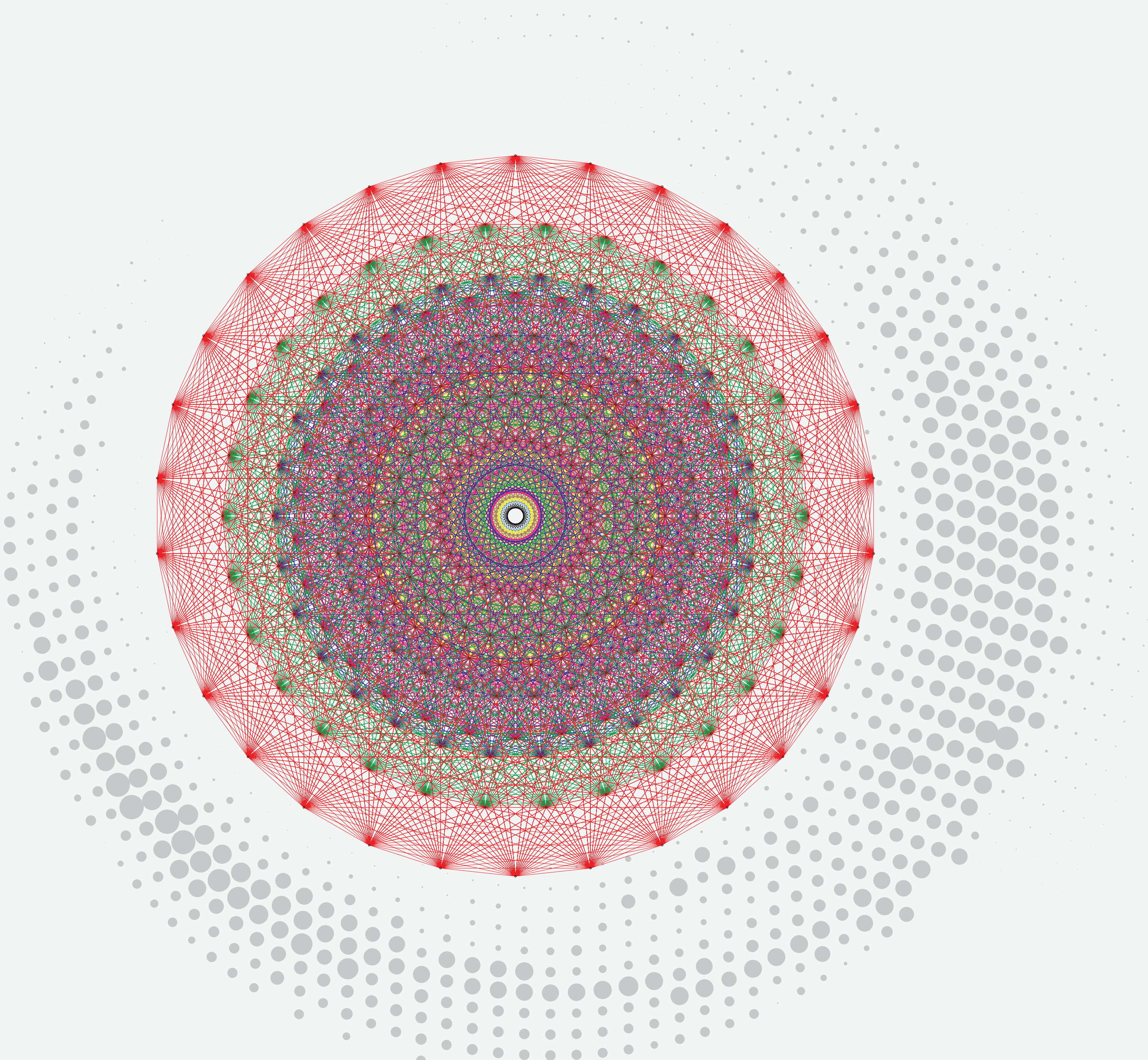
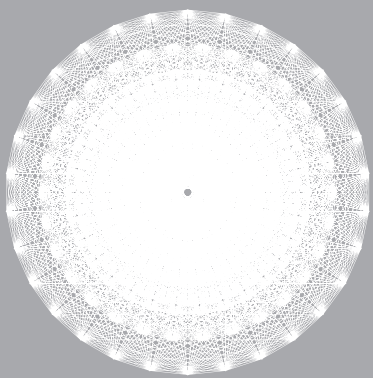
silverlake

SYMMETRY AT WORK



SILVERLAKE AXIS LTD • annual report 2017

E_8



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)

Visit www.silverlakeaxis.com or scan this QR Code with your smart phone to learn more about Silverlake Axis. You will need to download a QR code scanner on your mobile phone in order to use this feature.

This annual report is available for downloading as PDF files at our website. Quarterly financial results, presentation slides and announcements are also available at our website.

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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

PROFESSOR 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 : +1 441 295 1422
Fax: +1 441 292 4720

CORPORATE OFFICE

6 Raffles Quay,
#18-00,
Singapore 048580

SHARE REGISTRAR

BERMUDA

Conyers Corporate Services (Bermuda) Limited
(formerly known as 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 6438 8710

JOINT COMPANY SECRETARIES

Tan Min-Li
Hoong Lai Ling

ASSISTANT SECRETARY

Conyers Corporate Services (Bermuda) Limited

AUDITORS

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

OUR CORPORATE OBJECTIVE

To **Deliver Long Term Value** for All Our Stakeholders Through Technology Innovations and Business Collaborations

OUR VISION

To Be **Asia Pacific's Largest** Digital Economy Solutions Company

OUR MISSION

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

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 2017.

REVIEW OF FY2017

The economic uncertainties which contributed to cautious business sentiments among financial institutions in FY2016 continued into most of FY2017. Financial institutions remained conservative under challenging market conditions and they continued to defer their major core IT replacements and upgrades in favour of enhancements to minimise capital outlay. Smaller projects were undertaken by financial institutions to deliver enhanced customer services or to address specific market requirements.

Under such market conditions, Group revenue declined 20% to RM506 million in FY2017. Our project related revenue streams comprising software licensing and software project services declined substantially over the previous year. However, maintenance and enhancement services, our post-project recurrent revenue stream and the biggest business segment grew 12% to RM389 million. The recurrent revenue from maintenance and enhancement services and Merimen's Software-as-a-Service revenue accounted for over 80% of our revenues.

Due to the lower revenue and a change in the revenue mix, gross profit fell 28% to RM277 million but the gross profit margin remained at a respectable 55%. Other Income ballooned from RM20 million to RM808 million, with most of the increase coming from gains totalling RM480 million from the sale of shares of Global InfoTech (GIT) and a mark-to-market accounting gain of about RM295 million when our remaining 9% interest in GIT was reclassified from investment in associate to available-for-sale financial assets. Aided by higher Other Income, the Group reported a profit after tax attributable to shareholders of RM846 million in FY2017. Excluding the gains from GIT investment, the profit after tax attributable to shareholders was RM161 million.

In FY2017, we continued to declare and pay quarterly dividends. In addition to the four normal dividends, we paid a special interim dividend of Singapore cents 1.3 in July and declared a final special dividend of Singapore cent 1.0 in August. Inclusive of the special dividends, we have raised total dividend per share from Singapore cents 3.0 in FY2016 to Singapore cents 4.5 in FY2017.

ACQUISITIONS & FINTECH GROWTH INITIATIVES

Our acquisitions have performed well, and in some cases much above our expectations. After our associate GIT was listed on ChiNext of the Shenzhen Stock Exchange and upon the expiry of the one-year moratorium, we started to monetise our investment in FY2017. During the financial year, we reduced our stake in GIT from 20% to 9% and in the process raised sale proceeds (net of capital gain tax) totalling approximately RM503 million. We have started the process and expect to repatriate the bulk of these proceeds by the end of FY2018.

The two special dividends totalling Singapore cents 2.3 are equivalent to approximately 38% of the GIT sale proceeds. We will continue to evaluate the proper application of the GIT sale proceeds towards payment of special dividends, share buybacks, acquisitions and synergistic collaborations in Fintech. At the right time, additional sale of our GIT stake may be considered.

Our Fintech initiatives are progressing well with our wholly owned subsidiaries Cyber Village and Merimen playing their active role to transform the insurance industry in the region. Cyber Village (CV) has delivered digital capabilities to two insurance customers in Malaysia to enable them to market their products and services more effectively. Recently, CV was appointed by an insurance trade association to develop and deliver an innovative digital collaboration platform for life and takaful insurers in Malaysia. Initially, the industry-wide platform will serve as an information gateway to consumers and this will be followed by a full service life insurance and takaful aggregator portal for consumers to compare products and make purchases online. Merimen has expanded its unique ecosystem in insurance claims and policy processing of general insurers to seven countries in Asia. Its Software-as-a-Service (SaaS) collaboration platform is a preferred choice for insurers in this region and early in this financial year Merimen was recognised as one of the 25 Most Promising SaaS Solutions Provider in Asia Pacific by the CIO Outlook Magazine. In FY2018, Merimen will continue to look for suitable acquisitions that complement its portfolio, as well as growing its business organically by expanding into new markets, opening new offices and offering new analytics based services to its customers.

DIGITAL TRANSFORMATION & COLLABORATION LEADERSHIP IN ASEAN & BEYOND

Since 1989, Silverlake Axis has successfully partnered with our customers to transform ASEAN based businesses in banking, insurance and retail. As these businesses confront the challenges of digital disruptions, we are well positioned and ready to deepen and further mine the opportunities that are presented by collaborating with our customers and partners in the digital ecosystems that will fast emerge in ASEAN and beyond.

PROSPECTS

We have started work on the three recent projects we secured in Thailand. This together with recent requests from existing and potential new customers will contribute to an improvement in project related revenues in FY2018. Our maintenance and enhancement services and insurance Software-as-a-Service will continue to expand to generate a healthy increase in recurring revenues.

A WORD OF THANKS

Although FY2017 was a challenging year, I would like to thank our management and staff for their dedication in actively engaging our customers to assist them in managing the challenges presented by the business environment and repositioning to capture the opportunities presented by the digitisation of their ecosystems. To my fellow directors, I am grateful for your active participation and wise counsel in guiding the Group. I also wish to thank our customers, shareholders, business associates and bankers for their continuing support throughout the year.

Goh Peng Ooi
Group Executive Chairman
20 September 2017

Synergy of Software and Services

Software Licensing

Silverlake Axis offers innovative Digital Economy Propositions and Enterprise Solutions to its customers in Banking, Insurance, Retail, Payment and Logistics Ecosystems. **Over 40% of the top 20 largest banks in South-East Asia run Silverlake Axis' Core Banking solution**. Today, Silverlake Axis is the core system platform **partner of choice for 3 of the 5 largest ASEAN super regional financial institutions**. Through its commitment in delivering operational excellence and enabling business transformations, the Group has successfully expanded its geographical reach to over 300 organisations around Asia, Australia, Central Europe, Middle East, and New Zealand.

Software Project Services

Silverlake Axis has a 100% success track record in **Project Implementation**. Our team are experienced professionals who have successfully delivered projects on time, budget and with quality.

Maintenance and Enhancement Services

Silverlake Axis works with our customers to ensure the smooth running of their daily business operations and to keep up with the dynamic industry changes. We perform **Maintenance Services** for the Silverlake Axis software solutions that we have implemented for our customers. Our professional and experienced teams also ensure that **Enhancements** are planned and deployed per the required software release schedule.

Sale of Software and Hardware Products

For customers requiring third party hardware and system software to run the Silverlake Axis Integrated Banking Solution (SIBS) in their core banking implementations, Silverlake Axis includes the sale of **Hardware and Software Products** as a bundled offering with our software licensing and project implementation services.

Credit and Cards Processing

Silverlake Japan, the Group's wholly owned subsidiary in Japan, provides **Outsourcing Services** for the processing of credit card, debit card, prepaid card, eMoney, hire purchase and unsecured loans. These services are offered to Japanese card issuers in Japan and banks providing remote service for Japan and Japanese card issuers in Asia.

Insurance Processing

Silverlake Axis offers solutions and services for the Insurance and Takaful industry in Asia. **Merimen**, a subsidiary of Silverlake Axis, provides a **Software-as-a-Service (SaaS)** collaborative platform that connects different parties in the **Insurance Ecosystem** to ensure faster processing, improved efficiency and easier performance evaluation.

Group Structure

SILVERLAKE AXIS LTD

BANKING

- Software licensing
- Software project services
- Maintenance and enhancement services
- Sale of software and hardware products

Silverlake Axis Sdn. Bhd. 100%

Silverlake Adaptive Applications & Continuous Improvement Services Ltd. 100%

Silverlake Holdings Sdn. Bhd.	100%
Silverlake Axis MSC Sdn. Bhd.	100%

Silverlake Solutions Ltd. 100%

Silverlake Structured Services Sdn. Bhd.	100%
Silverlakegroup Pte. Ltd.	100%
Silverlakegroup Pte. Ltd. (Philippines branch)	100%
Silverlake Structured Services Ltd.	100%
PT Structured Services	100%
Silverlake Sistem Sdn. Bhd.	100%

Symmetric Payments & Integration Holdings Pte. Ltd. 100%

Symmetric Payments & Integration Pte. Ltd.	100%
Symmetric Payments & Integration Sdn. Bhd.	100%

Cyber Village Sdn. Bhd. 100%

Silverlake Symmetri (Singapore) Pte. Ltd. 100%

Silverlake Symmetri (Malaysia) Sdn. Bhd.	100%
Silverlake Symmetri (Philippines) Enterprises, Inc.	100%
Silverlake Symmetri (Thailand) Limited	100%
Silverlake Symmetri Pakistan (PVT.) Limited	100%
Silverlake Symmetri (Czech Republic) s.r.o.	100%
Silverlake Symmetri (Europe) Limited	100%
Silverlake Symmetri (Slovakia) spol. s.r.o.	100%
Representative Office of Silverlake Symmetri (Singapore) Pte. Ltd. in Hanoi	100%
Silverlake Symmetri (Singapore) Pte. Ltd. (Dubai Branch)	100%

INSURANCE

- Insurance Software-as-a-Service

Merimen Ventures Sdn. Bhd. 100%

Merimen Online Sdn. Bhd.	100%
Merimen Technologies (Singapore) Pte. Ltd.	100%
P.T. Merimen Technologies Indonesia	100%
Merimen Technologies Philippines Inc.	100%
Motobiznes Online Sdn. Bhd.	51%
Merimen Technologies (Vietnam) Company Limited	100%
Merimen Technologies (Thailand) Co. Ltd.	100%
Merimen Technologies Hong Kong Limited	100%

OTHER FINANCIAL SERVICES & RETAIL

- Credit and cards processing
- Retail automation

Silverlake Japan Ltd. 100%

QR Technology Sdn. Bhd. 100%

QR Retail Automation (Asia) Sdn. Bhd.	100%
QR Retail Automation (S) Pte. Ltd.	100%

INVESTMENT

- Strategic holdings

Silver Team Technology Limited 100%

Global InfoTech Co. Ltd.[1]	9.24%

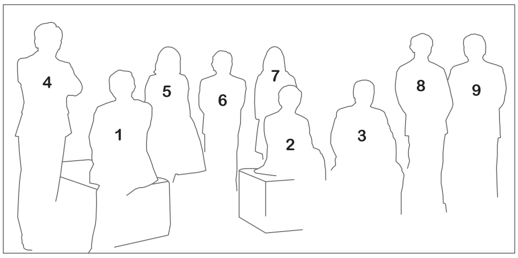
ePetrol Silverswitch Sdn. Bhd. 24.50%

Silverlake HGH Limited 51%

Finzsoft Solutions Limited[1]	85.47%

[1] Public listed company

Board of Directors



1. Goh Peng Ooi
2. Dr. Kwong Yong Sin
3. Datuk Sulaiman bin Daud
4. Ong Kian Min
5. Datuk Yvonne Chia
6. Professor Tan Sri Dato' Dr. Lin See Yan
7. Goh Shiou Ling
8. Lim Kok Min
9. Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid

GOH PENG OOI

Group Executive Chairman
Member of Nominating Committee

First appointment as a director: 23 August 2002
Last 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 has over 30 years of experience in Information Technology. He obtained a Bachelor of Engineering majoring in Electronics Engineering from the University of Tokyo on the Monbusho scholarship.

He began his career in IBM Malaysia and held several senior positions over his nine-year tenure, his last being Marketing Manager for Banking and Finance.

In 1989 he founded the Silverlake group. Based on his foresight on the future of technology demands of the Banking industry, Silverlake has been established as a leading provider of state-of-the-art universal banking solutions. Today, the group is a multibillion-dollar organisation represented in 20 countries spanning from Japan to Australia, some of them listed in public exchanges, and has a staff force of approximately 3,000 worldwide. The business has since then also moved on to Fintech, Digital Banking, Cloud Computing and various other high-tech areas.

The Silverlake group has over 300 customers located in about 50 countries across all continents. The group has earned many industry recognitions since its inception including the *IBM Business Partner Excellence Award (2012), IBM ASEAN Golden Circle Award (2012), Forbes' Best Under A Billion – Best of the Best (2013), The Asian Banker Vendor Satisfaction Survey Gold Award (2014), Forbes' Best Under A Billion (2015).*

Mr. Goh has twice won the Ernst & Young Entrepreneur of the Year Award Malaysia, an award recognising entrepreneurial excellence – first in 2005, under the Technology Entrepreneur category; and the second in 2014 in the Master Technology Entrepreneur category. The World Chinese Economic Summit in 2015 presented a Lifetime Achievement Award for Excellence in Information Technology to Mr. Goh; and more recently at the 2017 ASEAN Business Awards, Mr. Goh was conferred the prestigious Legacy Award. The Legacy Awards recognises ASEAN entrepreneurs that have created positive impact and inspiration within ASEAN communities.

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. He specialises in the application of Category Theory, leading to the formulation of a new Time-Space versus physics' Space-Time, and with that clarity, built a high-tech enterprise based on that theory.

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 as well as a Member of the Board of Governors of First City University College.

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

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 36 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 Practicing Accountant (Australia).

Dr Kwong was appointed as 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. He was a Non-Executive Director of Global InfoTech Co. Ltd. until March 2017.

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 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 25 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. He was previously an independent Non-Executive Director of GMG Global Ltd.

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, Jaya Holdings Limited, OUE Hospitality REIT Management Pte Ltd and Penguin International Ltd.

PROFESSOR 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

A banker for most of his professional life, Prof. Lin is a Harvard educated economist and a British Chartered Scientist. After his undergraduate studies at the University of Malaya in Singapore, he graduated with 3 advanced degrees from Harvard University, including a Ph.D in economics. Schooled in philosophy & mathematics, Prof. Lin is Malaysia's first UK Chartered Statistician. He is currently an independent strategic and financial consultant. He was advisor to all Prime Ministers and Finance Ministers of Malaysia. Prior to 1998, he was Chairman and Chief Executive Officer of the diversified Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia (Central Bank of Malaysia) where he served as a central banker for 34 years. He continues to serve the public interest, including Member of Competition Appeal Tribunal, as well as Member of key Ministry of Higher Education Committees on national education issues including the Putrajaya Higher Education Task Force; and Economic Advisor of Associated Chinese Chambers of Commerce and Industry of Malaysia. He was previously an independent Non-Executive Director of JobStreet Corporation Berhad and Top Glove Corporation Berhad.

Prof. Lin served as an expert on many international studies groups, on foreign central bank panels (including IMF, World Bank and UN agencies), as well as on the Asian Shadow Finance Regulatory Committee. In addition, he sits on the Boards of a diverse group of publicly listed (including Ancom Berhad, Genting Berhad, Wah Seong Corporation Berhad, IGB REIT Management Sdn Bhd and Sunway Berhad), private companies and social enterprises as well as of universities and foundations in ASEAN nations. He is Chairman Emeritus, Harvard Graduate School Alumni Association Council at Harvard University and for the past 18 years President, Harvard Club of Malaysia. He is also Pro-Chancellor & Research Professor at Sunway University, Pro-Chancellor of Universiti Technologi Malaysia, and Professor of Economics (Adjunct) at Universiti Utara. He is the author of "The Global Economy in Turbulent Times" 2015 (Wiley) & "Turbulence in Trying Times" 2017 (Pearson) and a columnist at the Star national newspaper.

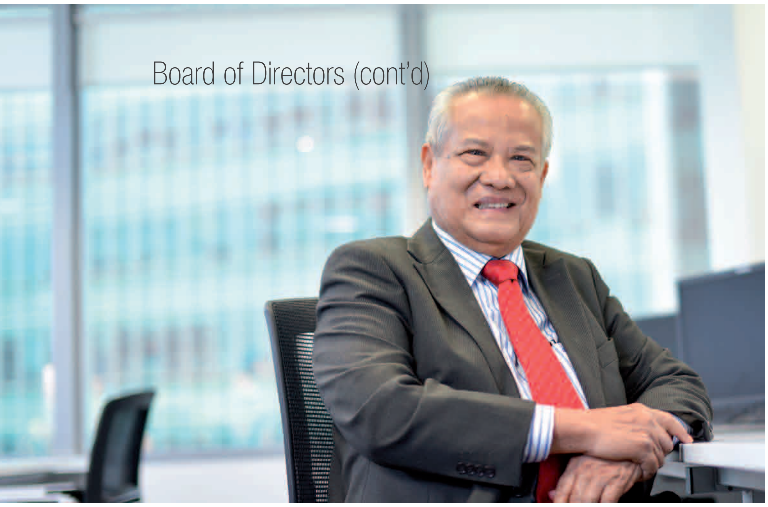
LIM KOK MIN

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 and the Singapore Institute of Directors, and a former Chairman of Senoko Power Limited and Building & Construction Authority. He was the Executive Deputy Chairman of LMA International NV, Deputy Chairman of NTUC FairPrice Cooperative and Vice Chairman of the Singapore Institute of Management. He was previously Group 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.



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 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
Due for re-election as a director: 26 October 2017

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, of the Financial Services Professional Board 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.

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 holds a Bachelor of Economics (Honours) from the University of Malaya. She has over 30 years of experience in the financial services industry, having held leading positions in both global and domestic banks in Malaysia and the region. She started her career in Bank of America and has held various roles in Asia. She was the former Group Managing Director and Chief Executive of RHB Bank Berhad (1996-2002) and Hong Leong Bank Berhad (2003-2013). She was a Non-Executive Independent Director of Shell Refining Company (Federation of Malaysia) Berhad until June 2017.

Datuk Yvonne Chia is Chairman and Independent Non-Executive Director of Standard Chartered Bank Malaysia Berhad and Standard Chartered Saadiq Berhad and an Independent Non-Executive Director for Astro Malaysia Holdings Berhad (listed on Bursa Malaysia). She is a Fellow Chartered Banker, Council Member of the Asian Institute of Chartered Bankers, a Trustee for Teach for Malaysia Foundation and an Honorary Professor of the University of Nottingham, Malaysia School of Economics.

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
Due for re-election as a director: 26 October 2017

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.

Management Team

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 28 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.

TAN SOO CHENG
Senior EVP, Structured Services

Ms. Tan joined the Group in 2016 and took over the responsibility 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 29 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.

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 26 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.

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 21 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.

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 28 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.

FABIAN LUM WAI KIT
Senior EVP, Digital Financial Services

Mr. Lum has 20 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 has led the business development of Silverlake Axis' Software-as-a-Service Insurance ecosystem platform, winning new markets in South East and North Asia through a portfolio of international insurance companies. 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.

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. He dynamically led the development of Merimen's insurance policy solutions before he assumed his current role in 2006. He has over 15 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.

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 21 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.

YEW YEE MING
Senior EVP, QR Retail Automation

With 27 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.

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 28 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.

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 26 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.

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. Mr. Parkes 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 26 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.

Community

Silverlake Axis is committed to creating positive and lasting impact by nurturing the next generation and contributes actively to communities at various locations in which it operates. Our actions reflect the core values of teamwork, respect, innovation and diligence that have guided, and will continue to guide Silverlake Axis.

Volunteering at PJ caring home

Through the years, the Group has contributed to and participated in various non-profit community initiatives through the involvement of our employees as well as management in their respective capacities. This year our focus is "Impact4Humanity" program. We participated by contributing time and ideas to aspiring entrepreneurs. This has enabled them to build sustainable business models while catalysing growth of technology ventures.

The Group's core values are embedded within the Company and its employees' DNA and with this, guide the Group to bring positive impact to those in need. Silverlake Axis' employees volunteer outside of their work schedules to participate in a host of activities including visiting homes for the disabled and helping at soup kitchens.

Together with the Group's sustainability journey, our Corporate Social Responsibility activities will start to encompass a wider scope of initiatives that positively impact environmental, social, and corporate governance practices. The move since FY2015 to send electronic annual reports demonstrates the Group's commitment towards green and sustainable efforts. Hard copies are provided to shareholders only upon request.

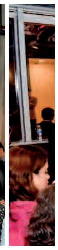
Hackerton for Impact4Humanity with Girls in Tech Malaysia

In terms of Occupational Health and Safety, Silverlake Axis is committed to providing a safe and healthy work environment for our people, customers, and visitors. The Group strives to adopt a consistent and pragmatic approach to managing workplace safety and health. We have identified work-related hazards and risks and implemented preventive measures to ensure a safe and conducive work environment. Our people actively adhere to work and safety requirements where applicable and take personal responsibility to support the Group's commitment in providing a safe and conducive workplace.

With the new sustainability framework, our Group's strategy will not only look into delivering high performing results, but also incorporate strategies that deliver sustainable value for the community.

Education

Knowledge sharing session conducted at our Singapore office



Silverlake Axis recognises the need to continuously train, deepen the knowledge and upskill its workforce to meet the needs of the fast-moving digital environment. Throughout the year, employees of Silverlake Axis enrol in a variety of training programs to enhance their capabilities with breadth and depth, including technical skills courses, certifications and management programs. Employees also are encouraged to enrol in enrichment courses such as presentation skills and public speaking workshops to develop them further in their learning journeys.

In addition to our workforce's skills training and capabilities building initiatives, Silverlake Axis also partnered with Monetary Authority of Singapore (MAS)-backed "PolyFinTech 100" to kick-start Singapore's First FinTech Internship Program. This program was conceptualised as part of MAS' push to strengthen Fintech in the country through the participation of tertiary students from local institutions. The Group worked with Glints, a company that specialises in early career recruitment, to leverage on their ability to reach the right talent. After screening more than 200 applications and interviewing candidates over several months, tertiary students were successfully selected from the National University of Singapore and Singapore Management University. The first batch for this internship program comprise up to 10 interns, to be placed in different projects. For a term of 10 weeks, interns were placed with Merimen, a wholly-owned subsidiary of the Company that delivers cloud based Software-as-a-Service (SaaS) insurance solution. Their roles were designed to be challenging and diverse, which revolved around researching the impact of autonomous cars on insurance and building models of a fraud-detection system.

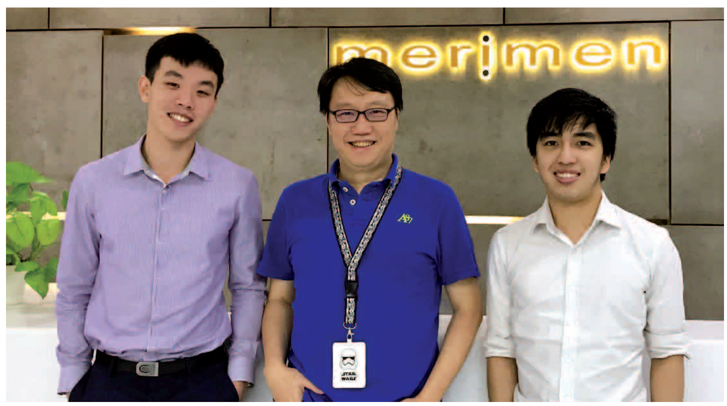
Our newly recruited interns

The program included a variety of enrichment activities such as workshops and panel talks after working hours, and team building activities which encouraged critical thinking skills, collaboration, while building camaraderie. One of the key activities was the interns' trip to Merimen's Kuala Lumpur office, where they had the opportunity to attend and participate in team meetings, as well as present their work to Merimen's management team.

In line with this program, the Group hosted a knowledge sharing session in collaboration with Young NTUC (National Trades Union Congress) at Silverlake Axis' Innovation Space at its Singapore office. Titled "Gateway into the Future of Finance", the event focused on Fintech and its disruptive effects on the financial sector.

Raymond Moh, Assistant Director of MAS' FinTech & Innovation Group, shared on the industry's direction and opportunities and what a career in Fintech entails. Around 70 young professionals and tertiary students from Young NTUC's network attended the event.

Silverlake Axis' Fintech Internship was an unequivocal success on a number of levels. The program provided the young interns with the opportunity to not only learn about different innovations in Fintech, but also participate in actual innovations that the Group is investing in. Being able to educate and train the next generation of talent is a privilege and the Group is passionate about grooming bright young people and contributing to building a sustainable workforce for the future.



Financial Highlights

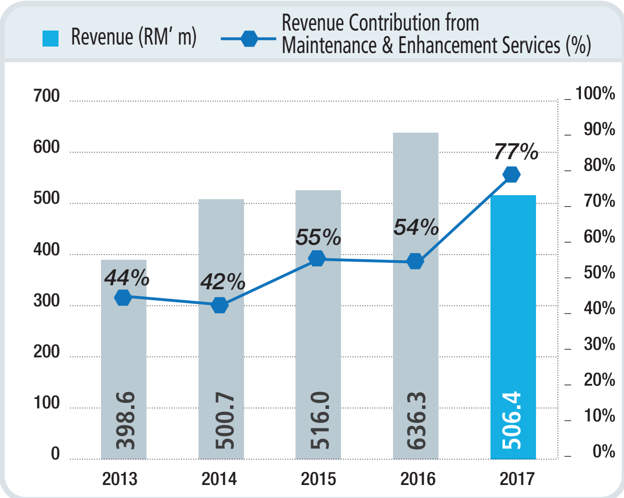
↓20%	↓28%	↑4007%	↑216%	↑209%
Revenue	Gross Profit	Other Income	Profit Before Tax	Net Profit
RM506.4 million	RM277.2 million	RM807.9 million[1]	RM947.5 million[1]	RM846.0 million[1]

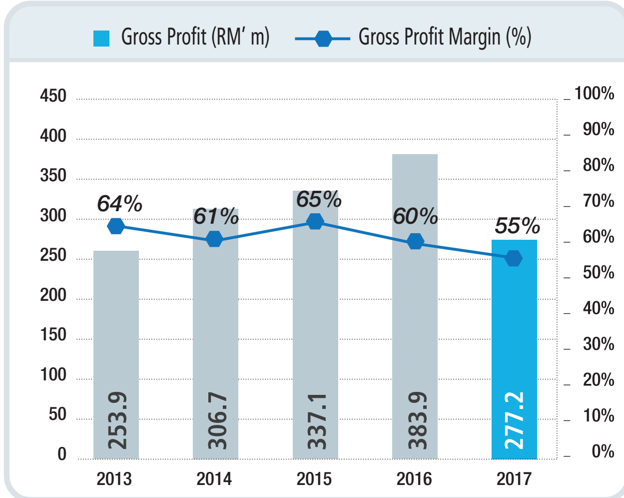
Financial Year Ended 30 June	2013	2014	2015	2016	2017
1. Financial Results (RM' million)					
Revenue	398.6	500.7	516.0	636.3	506.4
Gross Profit	253.9	306.7	337.1	383.9	277.2
Other Income	1.9	8.4	28.7	19.7	807.9[1]
EBITDA	222.9	290.9	321.9	317.8	967.3[1]
Profit Before Tax	213.0	274.1	306.8	300.2	947.5[1]
Net Profit	196.0	248.9	282.7	273.9	846.0[1]
2. Financial Positions (RM' million)					
Share Capital	157.5	157.5	157.5	191.0	191.0
Shareholders' Fund	588.1	616.3	639.3	602.5	1,157.9
Total Assets	743.9	766.7	779.0	833.4	1,441.3
Total Liabilities	155.8	150.4	139.6	230.8	283.3
3. Financial Ratio					
Gross Profit Margin (%)	64%	61%	65%	60%	55%
Net Profit Margin (%)	49%	50%	55%	43%	167%[1]
Return on Equity (%)	33%	40%	44%	45%	73%[1]
Current Assets/Current Liabilities (Times)	5.2	4.5	4.0	2.3	5.1
4. Per Share (RM sen)					
Basic Earnings Per Share	9.25	11.09	10.53[3]	10.30	31.98[1]
Diluted Earnings Per Share	9.25	11.09	10.52[2 3]	10.30	31.95[1 2]
Net Assets Per Share	26.20	27.46	23.74[3]	22.71	43.75
5. Dividends (SGD cents)					
Dividends Per Share	3.10	4.50	4.20	3.00	4.50

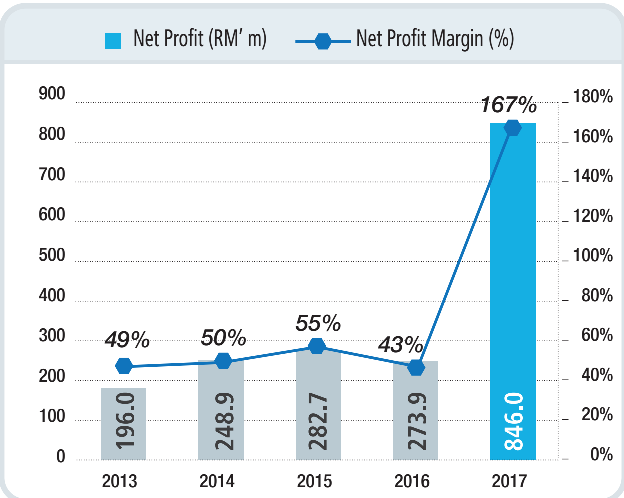
[1] During the financial year, the Group made a net gain of RM426.2 million on disposal of shares in an associate and mark-to-market accounting gain of RM259.1 million on the reclassification of the remaining interest in that associate to available-for-sale financial assets.

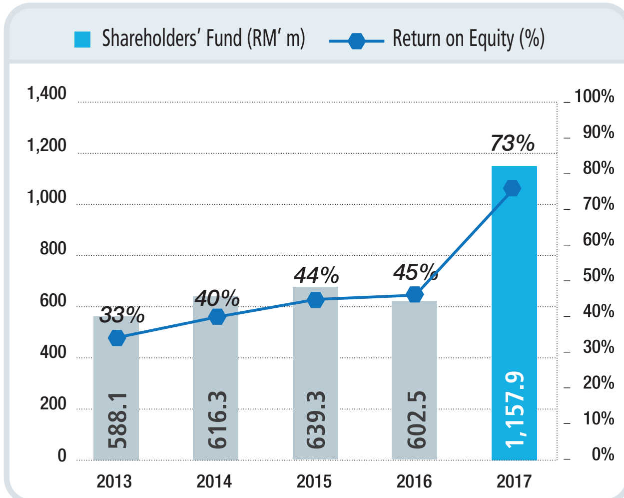
[2] Based on the weighted average number of ordinary shares on issue, after adjusting for dilution shares under Silverlake Axis Ltd. Performance Share Plan.

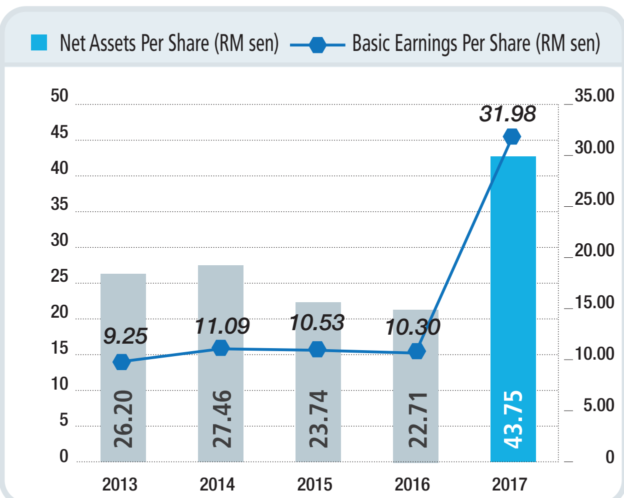
[3] Adjusted to account for the bonus shares issued on 8 July 2015 in accordance with IAS 33 Earnings Per Share.

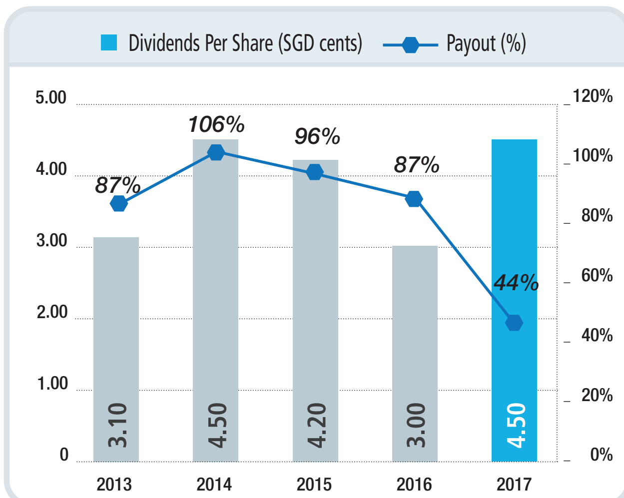

Revenue (RM' m)
Revenue Contribution from Maintenance & Enhancement Services (%)
398.6
500.7
516.0
636.3
506.4
44%
42%
55%
54%
77%
2013
2014
2015
2016
2017


Gross Profit (RM' m)
Gross Profit Margin (%)
253.9
306.7
337.1
383.9
277.2
64%
61%
65%
60%
55%
2013
2014
2015
2016
2017

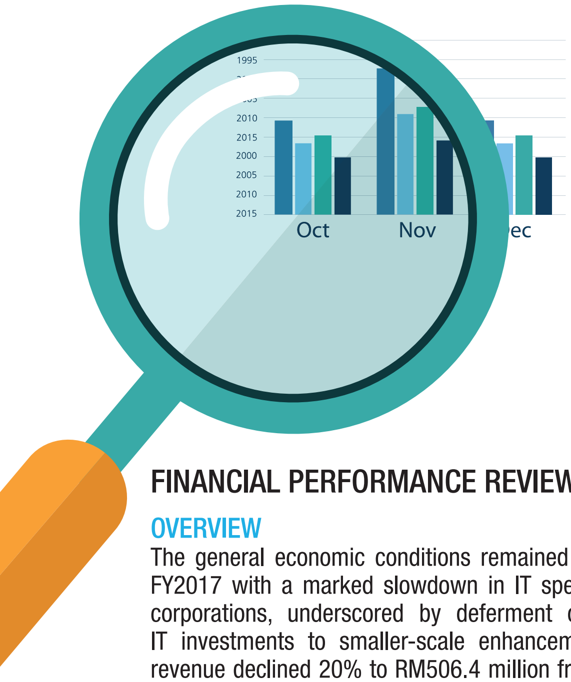

Net Profit (RM' m)
Net Profit Margin (%)
196.0
248.9
282.7
273.9
846.0
49%
50%
55%
43%
167%
2013
2014
2015
2016
2017


Shareholders' Fund (RM' m)
Return on Equity (%)
588.1
616.3
639.3
602.5
1,157.9
33%
40%
44%
45%
73%
2013
2014
2015
2016
2017


Net Assets Per Share (RM sen)
Basic Earnings Per Share (RM sen)
26.20
27.46
23.74
22.71
43.75
9.25
11.09
10.53
10.30
31.98
2013
2014
2015
2016
2017


Dividends Per Share (SGD cents)
Payout (%)
3.10
4.50
4.20
3.00
4.50
87%
106%
96%
87%
44%
2013
2014
2015
2016
2017

Financial Performance Review



FINANCIAL PERFORMANCE REVIEW

OVERVIEW

The general economic conditions remained cautious throughout FY2017 with a marked slowdown in IT spending by banks and corporations, underscored by deferment or shift from major IT investments to smaller-scale enhancement projects. Group revenue declined 20% to RM506.4 million from RM636.3 million. Group profit after tax tripled to RM846.0 million in FY2017 from RM273.9 million in FY2016 due to a RM426.2 million net gain from disposal of shares in an associate, Global InfoTech Co. Ltd. ("GIT") and RM259.1 million mark-to-market accounting net gain on the remaining 9% interest in GIT when SAL's board representative resigned from the board of GIT and GIT ceased to be the Group's associate.

Excluding the extraordinary net gains from the GIT shares disposal and mark-to-market accounting gain, the Group's profit after tax declined 41% to RM160.7 million in FY2017 from RM273.9 million in FY2016.

REVENUE

Group revenue declined 20% to RM506.4 million from RM636.3 million. Project related revenue segments recorded a 71% drop while recurrent revenue segments, comprising maintenance and enhancement services and insurance processing, continued to grow at 13%, reflecting the cautious business sentiments and shift in IT spending trend in FY2017.

GROSS PROFIT

Gross profit margin dropped to 55% from 60% in FY2016 due to the significantly lower revenue from software licensing, the higher margin component of project related revenue segments. Software licensing saw revenue declined 79% to RM26.8 million in FY2017.

OTHER INCOME

Other income was RM807.9 million in FY2017 compared with RM19.7 million in FY2016, with the increase coming from RM480.4 million pre-tax gain from disposal of shares in GIT, RM294.8 million pre-tax mark-to-market accounting gain on the remaining 9% interest in GIT when GIT ceased to be the Group's associate and RM18.8 million accounting gain on dilution of interest from GIT's capital changes.

EXPENSES

Selling and distribution expenses were 22% higher at RM28.9 million in FY2017 compared with RM23.7 million in FY2016, reflecting increased marketing and research activities in FY2017 and full year consolidation of Symmetri Group's results in FY2017 compared with three quarters in FY2016. The Symmetri Group was acquired in Q2 FY2016.

Administrative expenses increased by 26% to RM103.8 million from RM82.5 million due to the full year effect of Symmetri Group's results, higher Performance Share Plan charge and increase in staff related costs. This increase was partially offset by last year's one-off professional fees incurred for the special independent review on interested person transactions.

SHARE OF RESULTS OF ASSOCIATES AND A JOINT VENTURE

The Group's share of loss in FY2017 was RM7.7 million compared with share of profit of RM1.8 million in FY2016, mainly due to the recognition of RM5.6 million impairment loss in a joint venture, Silverlake HGH Limited ("Silverlake HGH"), which holds the investment in Finzsoft Solution Limited ("Finzsoft"). The impairment loss was determined by reference to the market price of Finzsoft on the New Zealand Stock Exchange as at 30 June 2017. Contribution from associates was also lower due to the reduced shareholding in GIT from 20% last year to 9.18% as at 29 March 2017 and the cessation of GIT as the Group's associate with effect from 29 March 2017. These were partially offset by higher profit contribution from Silverlake HGH in FY2017.

INCOME TAX

Income tax expense increased significantly to RM101.5 million in FY2017 from RM26.4 million and effective tax rate increased to 11% in FY2017 from 9% in FY2016. The increase was attributable to the withholding tax on disposal of GIT shares and the provision of deferred capital gains tax on the remaining 9% interest in GIT. Excluding the gains and tax expenses on the disposal of GIT shares and the mark-to-market accounting gain on the remaining 9% interest in GIT, effective tax rate decreased to 7% in FY2017 from 9% in FY2016.

FINANCIAL POSITION

ASSETS
Total assets grew 73% to RM1,441.3 million as at 30 June 2017 from RM833.4 million the year before. This was largely due to the monetisation of the Group's interest in GIT and the mark-to-market accounting gain on the remaining 9% interest in GIT when GIT ceased to be the Group's associate. Cash and bank balances increased to RM720.7 million from RM225.9 million in FY2016, boosted mainly by the RM502.8 million GIT shares net sales proceeds. The Group is progressively repatriating the GIT shares sale proceeds from China.

The remaining 9% interest in GIT was reclassified from investment in associate to available-for-sale financial assets marked to market, valued at RM280.3 million as at 30 June 2017. Fair value changes of the 9% interest in GIT in subsequent financial periods will be recognised under Other Comprehensive Income.

LIABILITIES
Total liabilities increased by 23% to RM283.3 million as at 30 June 2017 from RM230.8 million the year before, mainly due to the value-added tax accrual on GIT shares disposal and deferred capital gains tax on the remaining 9% interest in GIT.

Loans and borrowings increased by 22% to RM90.9 million as at 30 June 2017, mainly due to the drawdown on facilities for share buyback during the financial year. The Group's borrowings comprised mainly unsecured revolving credit from financial institutions, denominated in Singapore Dollar and United States Dollar and repayable within twelve months.

The Group is in a very healthy net cash position.

EQUITY
Total equity increased by 92% to RM1,157.9 million as at 30 June 2017 from RM602.5 million the year before, mainly attributable to profits made in FY2017 and offset by payment of dividends to shareholders and share buyback during the financial year.

SHARE CAPITAL AND EARNINGS PER SHARE ("EPS")

SHARE CAPITAL
The number of issued shares remained at 2,696,472,800 shares as at 30 June 2017 since the end of last financial year. The number of treasury shares increased by 6,956,100 shares to 49,855,200 shares with share buyback of 9,356,100 shares, offset by 2,400,000 treasury shares released pursuant to Silverlake Axis Performance Share Plan.

EPS
FY2017 basic EPS was 31.98 sen while diluted EPS was 31.95 sen, taking into account dilution from Performance Share Plan. Excluding GIT related gains, FY2017 basic EPS was 6.07 sen, a 41% decline from 10.30 sen in FY2016, reflecting the decrease in FY2017 profit after tax from operations.

DIVIDEND
The Company maintained its dividend policy of paying out not less than 40% of the Group's net profit as dividends. For FY2017, the total dividends of Singapore cents 4.5 per share represents 44% of net profit after tax. This comprises the interim cash dividends for the first three quarters of FY2017 totalling Singapore cents 1.9 per share, the special dividend of Singapore cents 1.3 per share declared on 29 June 2017 and paid on 28 July 2017, a proposed final cash dividend of Singapore cent 0.3 per share and a proposed special cash dividend of Singapore cent 1.0 per share. The proposed dividends are subject to shareholders' approval at the forthcoming AGM.

The Singapore cents 1.3 special dividend declared on 29 June 2017 and the proposed special dividend of Singapore cent 1.0 are paid out of the net gain on disposal of GIT shares.

CASH FLOW

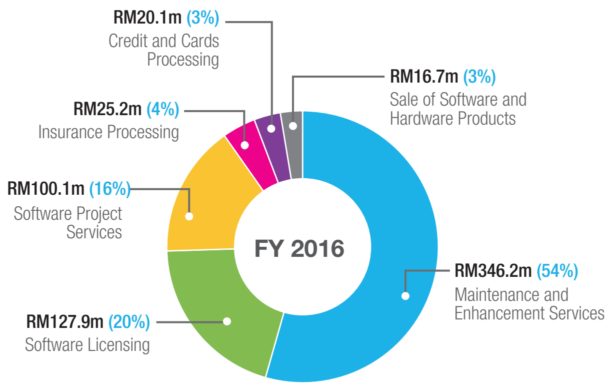
CASH FROM OPERATING ACTIVITIES
Net cash from operating activities was RM216.9 million in FY2017 compared with RM209.1 million in FY2016, reflecting improved collection from customers.

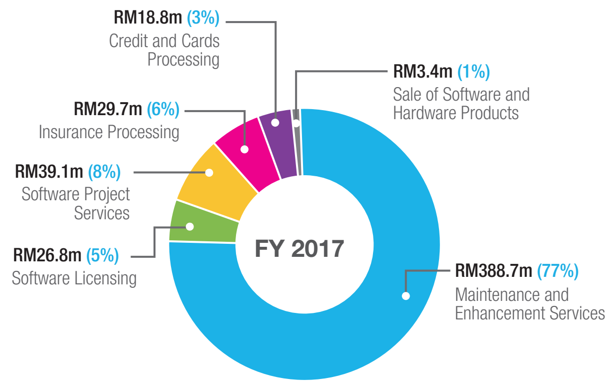
CASH FROM INVESTING ACTIVITIES
Net cash from investing activities was RM201.2 million in FY2017 compared with net cash used in investing activities of RM59.7 million in FY2016. The net cash inflow was mainly due to the net proceeds of RM502.8 million from the disposal of GIT shares. This inflow was partially offset by the placement of funds of RM296.2 million in short term deposits for more than three months.

CASH USED IN FINANCING ACTIVITIES
Net cash used in financing activities decreased 4% to RM242.9 million, mainly due to lower share buyback and dividends payment to shareholders in FY2017, and was partially offset by the lower net drawdown of revolving credit facility in FY2017. The higher net drawdown of revolving credit in the previous financial year was attributable to the higher share buybacks and acquisition of Symmetri Group.

Operations Review

REVENUE BY SEGMENT





Software Licensing

The software licensing business focuses on providing digital economy solutions to banks and corporations in 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.

Industry trend in FY2017

The general economic conditions remained cautious throughout FY2017 with a marked slowdown in IT spending by banks and corporations, underscored by deferment or shift from major IT investments to smaller-scale enhancement projects. Emerging technologies with a wide range of disruptive impact and the continuing, albeit slower banking mergers and acquisitions trend, present both challenges and opportunities for the Group.

Our performance

Software licensing business remained one of the Group's core businesses. However, software licensing revenue declined 79% to RM26.8 million in FY2017 from RM127.9 million in FY2016. With the subdued demand for large IT investments throughout FY2017, there were fewer high value contracts secured in FY2017. Malaysia remained the Group's main revenue contributor, with Thailand as the second largest contributor in FY2017. In Thailand, the Group secured a number of contract wins, including three core banking system replacement projects, which have just started contributing to FY2017 revenue. The revenue from these projects will continue to be progressively recognised in FY2018. Following the recent wins, the Group now has eleven customers in Thailand. The next top geographical revenue contributor after Thailand in FY2017 was Vietnam.

Outlook

While banks and corporations continue to adopt a cautious approach for major IT investment projects, enquiries and request for proposals have gradually picked up in early 2017 as IT investments remain the cornerstone driving operational efficiency. The significant portion of the current software licensing order books will be recognised as revenue in the following financial years. Coupled with the potential new contract wins, the Group is cautiously optimistic about the outlook for the software licensing business. The Group will continue to maintain its competitive strength and market positioning through continual product innovation and collaboration with existing and prospective customers and partners.

Software Project Services

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

Industry trend in FY2017

The similar weak industry trend in the software licensing business was felt in the software project services business, with subdued demand for large IT investment projects. Priorities were shifted to existing systems enhancements driven by regulatory requirements and operational needs. Many regulators in the region have intensified their ongoing initiatives to embrace technology for operational, economic efficiencies and security, particularly in the banking and insurance industries.

Our performance

Software project services revenue declined 61% to RM39.1 million in FY2017 from RM100.1 million in FY2016 due to the cautious economic environment and the cut-over of key projects in the last financial year. The Group continued to secure new contracts from existing and new customers particularly in Malaysia, Singapore, Thailand and Vietnam, albeit at lower values. These include Cyber Village's six contracts wins from existing and new customers in Malaysia and Thailand in Q4 FY2016 and Q1 FY2017 and the strategic Digital Insurance Collaboration Platform project secured in Q4 FY2017. The new contracts secured in Q4 FY2016 and Q1 FY2017 started contribution to FY2017 revenue and further recognition will take place in the next financial year. The software project services revenue from Symmetri Group, which was acquired in Q2 FY2016, increased in FY2017 with the completion of projects in Singapore, Malaysia, Vietnam and Bangladesh.

Outlook

The current software services order book, including the three core system replacement projects in Thailand and Cyber Village's Digital Insurance Collaboration Platform project, will sustain the Group in the following financial years. The Group will continue to maintain its strong branding and track record of successful core banking implementations since 1989 through continuing existing customer engagements and new business development and collaboration initiatives. As enquiries and requests for proposals have gradually picked up in 2017, the Group remains cautiously optimistic about the outlook for the software services business.

Maintenance and Enhancement Services

The maintenance and enhancement services business focuses on providing round-the-clock software maintenance support services to customers to ensure the smooth running of their daily business operations, as well as software enhancement services to help customers deliver new capabilities for customer service excellence, product offering innovations, and to address governance, risk and compliance requirements.

Industry trend in FY2017

The changing regulatory environment and business landscape created a constant need for IT enhancement investments; however, the general banking slowdown has resulted in cautious spending behavior by many banks, with some prioritising only critical IT enhancement projects. The impact from the austerity measures was somewhat cushioned by banks using enhancement services to stay competitive and innovative as they delay their major IT investments.

Our performance

With a steadily growing recurrent revenue stream, the maintenance and enhancement services business remained the key revenue contributor. Despite the general cautious spending behavior of banks, revenue increased 12% to RM388.7 million from RM346.2 million the year before, on the back of customers' continuing operational needs and regulatory requirements. Maintenance sites and revenue continued to increase with the completion of a few software implementation projects in Sri Lanka, Indonesia, Brunei and Malaysia in FY2016. Enhancement revenue continued to grow in line with the increase in maintenance sites during the year. Additional maintenance sites, regulatory requirements and customers' new business initiatives contributed to the growth in enhancement revenue.

Maintenance and Enhancement Services (cont'd)

Outlook

With the growing base of maintenance sites and improving business sentiments in 2017, the Group is optimistic about the outlook for its recurrent revenue from maintenance and enhancement services. New business initiatives by existing customers, geographical expansion plans and mergers and acquisitions will continue to drive demand for the Group's enhancement services. The Group will drive the growth of this business through stronger partnership with customers to deliver operational excellence and competitive advantage, as well as greater employee engagement and upskilling to improve productivity.

Sale of Software and Hardware Products

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

Industry trend in FY2017

With the general economic slowdown, customers are more cautious about capital investments in large IT project implementations. This has direct impact on sale of hardware and system software which are included as a bundled offering. The continuing trend of mergers and acquisitions particularly in the financial service sector further presented both threats and opportunities for the software and hardware business.

Our performance

Revenue from sale of software and hardware products declined significantly to RM3.4 million in FY2017 from RM16.7 million the year before. The cautious spending behavior by banks translated to a fewer numbers of project related licensing and services contracts secured in FY2017, and hence lower bundled software and hardware sales.

Outlook

As the Group's software licensing and project implementation services pick up, the sale of hardware and software products will correspondingly increase. With IT investments remaining at the forefront driving operational efficiency, the Group will continue to capitalise on this opportunity through collaborations with established and new business partners.

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.

Industry trend in FY2017

The Group's credit and cards processing business is primarily focused on the Japanese market. The Group's cards processing business remained challenging throughout FY2017 as its growth is dependent on its customers' business growth. Although the regulatory landscape for the Japanese cards industry provided opportunities for cards processing, the general cautious economic environment affected both consumers' spending sentiments and corporate spending behavior in Japan.

Credit and Cards Processing (cont'd)

Our performance

FY2017 credit and cards processing revenue was 7% lower at RM18.8 million compared with RM20.1 million in the year before. Silverlake Japan's key customer experienced declining cards business during the year, and this resulted in fewer enhancement projects and lower volume-based cards processing revenue. Silverlake Japan secured a new customer towards the end of FY2017 and the revenue contribution of this new customer will only be felt in subsequent financial years.

Outlook

The outlook for the Group's credit and cards processing business remains weak. Silverlake Japan will continue its effort to secure new cards processing customers. In the immediate term, Silverlake Japan will explore opportunities presented by the Japanese government's current focus on improving the country's card and payments industry in time for the 2020 Tokyo Olympic Games.

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 including insurers, repairers, loss adjusters, parts suppliers, agents, brokers, and direct corporate clients, to ensure faster processing, improved efficiency and easier performance evaluation.

Industry trend in FY2017

The insurance industry around the region continued to face major regulatory changes. The key regulatory requirements affecting the insurance industry in FY2017 include the detariffication of motor insurance in Malaysia, Indonesia's data sovereignty requirement and data security priorities in Thailand. These presented Merimen with opportunities in terms of demand for its cloud base collaboration platform and new product lines such as analytics and peer selection of risks, as well as challenges in terms of additional operational requirements and costs.

Our performance

FY2017 insurance processing revenue was 18% higher at RM29.7 million compared with RM25.2 million the year before. The revenue growth came from the increased adoption of Merimen's SaaS solution and the expansion of its unique ecosystem in insurance claims and policy processing of general insurers in Asia. In FY2017, Merimen grew beyond its ASEAN presence with a new office in Hong Kong, after establishing new offices in Bangkok, Manila and Ho Chi Minh during the previous financial year. Following the geographical expansion, 15 new customers have adopted Merimen's solutions in Malaysia, Singapore, Philippines, Indonesia, Thailand, Vietnam and Hong Kong.

Outlook

The Group is cautiously optimistic about the outlook for the insurance processing business, as Merimen continues to reinforce its branding and expand its geographical presence, customer base and innovative SaaS offerings. The latest product, TrueSight Analytics ("TrueSight"), aims to help insurers meet their growing analytics needs and support their business decisions by providing the right data for making accurate decisions. Merimen won its first customer for this analytics product in Indonesia and is now extending TrueSight to its regional customer base of 120 insurance companies. The new office in Hong Kong will also serve as a launch pad for the future expansion of Merimen's business into Greater China and Northeast Asian markets. A continually changing regulatory and operational landscape in the insurance industry will provide opportunities to support growth for the Group's insurance processing business.

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 financial year ended 30 June 2017 ("FY2017"). The Board is pleased to report that the Company has complied in all material aspects 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 together with the explanations therein, as listed below:

a) Guideline 3.3: Lead Independent Director
b) Guideline 4.4: Directors with Multiple Board Representations
c) Guideline 8.4: Contractual Provisions to Reclaim Incentive Components of Remunerations
d) Guideline 11.4: Risk Committee

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 Board oversees the conduct of the Group with the objective of protecting and enhancing long-term shareholders' value. The Board provides entrepreneurial leadership, sets overall directions, strategies, values and standards for the Group, taking into consideration ethical and sustainability issues, ensures the necessary financial and human resources are in place for the Group to meet its objectives, monitors the effectiveness of the Group's risk management framework and system of internal controls, and reviews the performance of the Management and the Group, to ensure the Group's strategies and affairs are in the interests of the Company and its stakeholders. The Board in recognising that the perceptions of key stakeholder groups affect the Company's reputation, provides guidance to the Management on the identification of key stakeholder groups and strategy in addressing the concerns of these key stakeholder groups.

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: Board 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-laws allows Board meetings to be conducted by way of teleconferencing. Board meetings are scheduled in advance before the financial year end to ensure maximum attendance by all participants.

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

Guideline 1.4: Board Meetings (cont'd)

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	4	4	-	-	-	-	1	1
Dr. Kwong Yong Sin	4	4	-	-	-	-	-	-
Ong Kian Min	4	4	4	4	2	2	1	1
Professor Tan Sri Dato' Dr. Lin See Yan	4	4	4	4	2	2	1	1
Lim Kok Min	4	4	4	4	2	2	1	1
Datuk Sulaiman bin Daud	4	4	-	-	-	-	1	1
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	4	3	4	3	-	-	1	1
Datuk Yvonne Chia	4	4	-	-	2	2	1	1
Goh Shiou Ling	4	4	-	-	-	-	1	1

Guideline 1.5: Reserved Matters

The Board's approval is specifically required for matters such as strategic plans, annual budgets and business plans, material acquisition and disposal of assets, corporate or financial restructuring, 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 and other announcements for release to the SGX-ST, annual report and audited financial statements. In addition, the Group Authority Matrix provides clear direction to the Management on the requirement for Board's specific approvals for capital and operating expenditures exceeding Management's approval thresholds.

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 pertinent information about the Group. Directors are given appropriate briefings by the key management of 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, risks, legal and governance. The Company is responsible for the arrangement and funding of these trainings. In addition, the Company is a corporate member of Singapore Institute of Directors to benefit from its regular updates and trainings on the latest thinking on corporate governance and to promote professional development for Directors. During the financial year, trainings attended by Directors include, among others, the "ASEAN Digital Economy Landscape", Directors' Conference 2016 – Digital Disruption, "Dualing over Governance, Risk and Rewards", Bank Negara Malaysia: Compliance Conference 2017 and Business Ethics Conference.

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.

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

Guidelines 2.1 and 2.2: Board Independence

The NC rigorously 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.

There is a strong element of independence in the Board. Throughout FY2017, the Board comprises nine members, of which two are Executive Directors, two Non-Executive Directors and five Independent Non-Executive Directors. The NC conducted its annual review of the Directors' independence, particularly those who have served more than nine years and is satisfied that the Company exceeds the Code's requirement of at least half of the Board to comprise Independent Directors where the Group's Executive Chairman, Mr. Goh Peng Ooi ("Mr. Goh"), is not an Independent Director.

Guideline 2.3: Independence of Directors

The NC, in its deliberation as to the independence of a Director, taking 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. The NC also takes into account Directors' conducts at Board meetings and annual independence declaration, self-assessment and peer review in its deliberation. No NC member is involved in the deliberation in respect of his/her independence. Any Director who has an interest or relationship which is likely to impact on his/her independence is required to immediately declare his/her interest or relationship to the Board.

The NC has assessed the independence of Mr. Ong Kian Min, Professor 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 recognises that the Independent Directors may over time develop significant relationship with the Directors and Management but at the same time, 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 conducted rigorous review as described above and have determined that the three Directors, Mr. Ong Kian Min, Professor 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 to the best interests of the Company, notwithstanding their tenure of service.

Guidelines 2.5 and 2.6: Board Size and Diversity

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 and diversity of competencies, experience, gender and age. The Board considers that its current Directors represent a mix of competencies, experience, gender and age, and collectively possess the necessary core competencies and knowledge to lead and govern the Company effectively. The two Executive Directors are expert in the IT industry and four Non-Executive Directors have vast experience in the banking industry while the three remaining Non-Executive Directors bring a broad range of knowledge and experience in business management and corporate governance. Out of nine Directors, two are female. The Company continuously seeks to maintain an appropriate mix of diversity in its Board and in line with policy, appointed three new Directors back in June 2015 to enhance competencies, age, gender and tenure of service diversity.

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 provide sufficient diversity without interfering with efficient decision making.

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

Guidelines 2.5 and 2.6: Board Size and Diversity (cont'd)
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: Non-Executive Directors Role and Meetings
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. The diversity of competencies and industry knowledge of the Non-Executive Directors brings invaluable contributions to the Company with their fresh perspective and robust deliberations and decision making.

The Non-Executive Directors meet without the presence of Management when necessary for a more open deliberation and effective check on Management. They have independent access to Management.

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: Roles of Chairman and Managing Director
Mr. Goh is the Group's Executive Chairman and Dr. Kwong Yong Sin ("Dr. Kwong") 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 oversight 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 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.

Guideline 3.3: 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 and the Chairman is not an independent director, it is currently not necessary to appoint a lead independent director as the independent directors, who form five out of nine Board members, are able to ensure objectivity and independence in the Board's deliberations and decisions.

Nevertheless, the Board will annually examine the need for the appointment of a Lead Independent Director.

Guideline 3.4: Independent Directors' Meeting
Although no Lead Independent Director has been appointed, the Independent Directors meet among themselves when necessary, without the presence of the other Directors, and provide feedback to the Chairman of the Board after such meetings as appropriate. In addition, Independent Directors also meet on ad hoc basis with the CEO and senior management team as well as other Non-Executive Directors to discuss pertinent issues. The Independent Directors met with the CEO and senior management team five times in FY2017.

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: Nominating Committee
The NC comprises all Directors except for the Group Managing Director, 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 director's experience, participation, commitment, contributions and performance, (ii) review the Board's structure, size, diversity and 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, in particular Directors who have served on the Board beyond 9 years, (iv) assess on whether or not a Director is able to and has been adequately carrying out his duties as a Director having regard to the individual director's attendance, preparedness, participation and commitment, (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.

Guideline 4.4: 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 are of the view that the effectiveness of each Director is best assessed by the qualitative assessment of the Director's contributions rather than a numerical limit on the number of directorships. The NC is of the view that by setting a numerical limit, individuals of high calibre who have the capacity to contribute to the Company will be unnecessarily excluded. In assessing the Director's contribution and ability to carry out his duties as a Director of the Company, the NC takes into account the individual Director's actual conduct on the Board, ability and availability to provide valuable insights and advice, devotion of time and attention to the Company and the level of commitment and complexity of the Director's other principal commitments and directorships. All directors are required to confirm annually to the Company his/her ability to devote sufficient time and attention to the Company's affairs, despite his/her other commitments.

The NC has reviewed each Director's outside directorships, their principal commitments and attendance and contributions to the Company. 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
The NC is responsible for identifying candidates and reviewing nominations for the appointment and re-appointment of directors for recommendation to the Board. 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.

Principle 4: Board Membership (cont'd)

Guideline 4.6: Process of Selection, Appointment and Re-appointment of Directors (cont'd)
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 Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid and Ms Goh Shiou Ling 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.

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

As for Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid, there is no relationship including immediate family relationship between himself and the other Directors, the Company and its 10% shareholders (as defined in the Code).

Guideline 4.7: Information on Directors
The date of Director's 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.

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 questionnaires for self and peer assessments as well as for the Board as a whole and Board Committees respectively, with feedback on the key areas of improvement. The NC determines, and the Board approves the assessment criteria, which include Board size and composition, independence of the Board, information management, Board operation, Company's performance measurement, Board committee effectiveness, succession planning, risk management and internal control system and overall 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 the performance of the Board and Board Committees, the assessment criteria include factors such as Board size and composition, independence of the Board, information management, Board operation, Company's performance measurement, Board committee effectiveness, succession planning, risk management and internal control system and overall Board dynamics, and quantitative criteria such as performance against key financial indicators. Key financial indicators include share price performance, return on assets, return on equity, earnings per share and dividend payout ratio which align with long-term shareholder value and compared against industry peers where relevant. More meaningful criteria would be used when applicable after approval by the Board.

Principle 5: Board Performance (cont'd)

Guideline 5.3: Evaluation of Individual Director
Evaluation of individual Director's performance is a continuous process. 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, Board Committees and general meetings, participation, contribution and deliberation of issues at meetings, knowledge and understanding of the Group's dynamics, skills and competencies and interaction with fellow Directors, Management and other relevant parties. The performance of individual Directors is taken into account in their re-appointment or re-election.

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, accurate and adequate information to the Board in a timely manner. To allow Directors sufficient time to prepare for an informed discussion, all Board and Board Committee papers are distributed to Directors one week in advance of the meeting. During the 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. Any additional material or information requested by Directors is promptly furnished.

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, 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 and against the budget, cash flow forecast and funding position regularly. Furthermore, Directors are provided with the background and explanatory information which includes but not limited to the facts, risk assessment, scenario analysis, financial impact, professional advice, management recommendations and related materials on management's proposals for the Board and Board Committees' decision-making. Directors are also provided with relevant regulatory updates from time to time.

Guideline 6.3: Board's Access to Company Secretary
The Company Secretary, under the direction of the Chairman, facilitates good information flows within the Board and its Board Committees, between the Board and Management, and advise the Board on all legal and corporate governance matters. The Company Secretary also facilitates the orientation of new Directors and assists in arranging professional development and training for the Directors as required and acts as the primary channels of communication between the Company and the SGX-ST. The Directors have separate and 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.

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. 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: Remuneration Committee
The RC comprises Mr. Ong Kian Min, Mr. Lim Kok Min and Datuk Yvonne Chia with Professor 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 to deliver long-term shareholders value.

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, benefits-in-kind and short-term and long-term incentives, options, share-based incentives and awards are covered by the RC.

Directors' fees for the Chairman and other Directors, and for Directors' 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 and Board Committees, prevailing market conditions and comparison with comparable benchmarks. The current remuneration framework for Directors remains unchanged from that of the previous financial year ended 30 June 2016, 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 investigate any matter within its Terms of Reference and engage any independent external professional consultant on executive's compensation and remuneration related matters, as and when required at the Company's expense. The NC will ensure the appointed professional consultant is independent and objective in discharging its services and is not affected by any relationship with the Company. In view of the remuneration framework and internal review process that the Group has in place, the Company has not appointed any professional consultant for FY2017. The RC and Board are of the view that the current remuneration framework is competitive and sufficient to attract, retain and motivate Directors and key management personnel to deliver long-term shareholders value.

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. The RC is satisfied that termination clauses therein are fair and reasonable to the respective employment class and are not overly generous.

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 risk policies and long-term interest of the Group.

The Group's compensation framework comprises fixed and variable components. The variable component comprises short-term and long-term incentives, and is performance related and linked to the Company and individual performance. In the selection of short-term and/or long-term incentives for each key executive, 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 the fixed component and short-term and long-term incentives is considered appropriate for the Group.

In assessing the performance of the Executive Directors and key management personnel, key performance indicators ("KPIs") used include short-term and long-term net profit, return on assets, return on equity, earnings per share and dividend payout ratio targets.

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 evaluates the costs and benefits of PSP, reviews the eligibility of Directors and key management personnel for the PSP and determines the award date, performance period, number of shares, performance targets, vesting schedule and any other condition deemed necessary including any restrictions against the disposal or sale in the shares. In all PSP awards, Directors and key management personnel are encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability.

Details of the PSP are disclosed in Guideline 9.5 of this Report.

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 fee structure for Non-Executive Directors is presented under Guideline 7.2 of this Report. 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 of the Directors and the complexity of the Group's business. The fees are subject to the approval of Shareholders at the AGM on the annual basis.

To better align the interests of Non-Executive Directors with the interests of shareholders, the RC also reviews the eligibility of Non-Executive Directors for PSP from time to time. In determining the fee and PSP, the RC ensures that the Non-Executive Directors are not over-compensated to the extent that their independence is compromised.

Guideline 8.4: Contractual Provisions to Reclaim Incentive Components of Remunerations
Having reviewed the variable components of the Executive Directors and key management personnel, 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.

Principle 9: Disclosure on Remuneration (cont'd)

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.

The remuneration of Directors for the current financial year is set out below:

Name	Directors Fees S$	Salary[1] S$	Benefits[2] S$	Bonus S$	Fair Value of Share Plan[3] S$	Total S$
Executive Directors						
Goh Peng Ooi	135,000	82,753	8,783	-	-	226,536
Dr. Kwong Yong Sin	60,000	601,405	13,823	-	3,802,679	4,477,907
Non-Executive Directors						
Ong Kian Min	165,000	-	-	-	-	165,000
Professor Tan Sri Dato' Dr. Lin See Yan	135,000	-	-	-	-	135,000
Lim Kok Min	120,000	-	-	-	-	120,000
Datuk Sulaiman bin Daud	75,000	-	-	-	-	75,000
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	105,000	-	-	-	-	105,000
Datuk Yvonne Chia	90,000	-	-	-	-	90,000
Goh Shiou Ling	75,000	-	-	-	-	75,000

Note:

(1) Salary includes Provident Fund contributions.
(2) Benefits include car benefits.
(3) In relation to FY2015 PSP Grant to Group Managing Director over a five-year performance period from FY2014 to FY2018 on achievement of prescribed performance targets. The figure shown is based on the fair value of shares valued on grant date. It may not be indicative of the actual value of shares on release date. Details of the PSP are disclosed below and in Note 23(d) to the financial statements.

Remuneration of Key Management Personnel

The remuneration of key management personnel comprises the 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 are paid upon the achievement of individual and Group performance targets.

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)

There were thirteen key management personnel (who are not Directors of the Company) in the Group in FY2017. The Company is of the opinion that it is not in the best interest of the Company to disclose the details of remuneration of key management personnel due to the competitiveness of the industry for key talent and in the interest of maintaining good morale within the Group. 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:

Name	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)
S$250,001 to S$500,000		
Jean Aw Peng Mei	100%	-
Fabian Lum Wai Kit	100%	-
Trevor Lok Theng Hey	99%	1%
Yau Siew Moi (deceased 28 July 2017)	100%	-
Wong Yok Koon	100%	-

The annual aggregate remuneration paid to all the abovementioned key management personnel of the Group is RM5,659,615 in FY2017.

The RC has reviewed the level and mix of remuneration for the Directors and key management personnel of the Company for FY2017 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.

Guideline 9.5: 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, Executive Directors and Non-Executive Directors of the Company and its subsidiaries, provided certain prescribed performance targets are met. The PSP serves as long-term incentive tool to reward, retain and motivate employees to improve their performance.

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, Professor Tan Sri Dato' Dr. Lin See Yan, Mr. Ong Kian Min and Mr. Lim Kok Min.

The PSP Committee reviews the eligibility of Directors and employees for the PSP and determines the award date, performance period, number of shares, performance targets, vesting schedule and any other condition deemed necessary including any restrictions against the disposal or sale in the shares.

Principle 9: Disclosure on Remuneration (cont'd)

Guideline 9.5: Employee Share Scheme (cont'd)
FY2015 Grant to Group Managing Director

In FY2015, the Company granted PSP of up to 10,000,000 shares to the Group Managing Director, Dr. Kwong Yong Sin based on the achievement of prescribed performance targets over a five-year performance period from FY2014 to FY2018, with the first 2,000,000 shares vested on 5 January 2015. The PSP shares are 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. The details of FY2015 Grant are as follows:

Name of participant	Shares granted at grant date	Balance as at the beginning of financial year	Shares released during financial year	Balance as at the end of financial year
Dr. Kwong Yong Sin	10,000,000	7,200,000[(1)]	2,400,000[(1)]	4,800,000[(1)]

Note:
[(1)] After taking into account the effect of Bonus Issue on 8 July 2015 of one share for every five existing shares.

There was no new PSP grant in FY2017.

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 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	-	17,850,000	13,050,000	4,800,000

Details of PSP are disclosed in Note 23(d) to the financial statements.

Guideline 9.6: Link between Remuneration and Performance
The information on the link between remuneration paid to the Executive Director and key management personnel, and performance is set out under Guideline 8.1 of this Report.

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
In discharging its responsibility to provide a timely, balanced and understandable assessment of the Company's performance, position and prospects, the Board ensures that the Company has in place guidelines and procedures for internal reporting and decision making.

The Management provides the Board with management reports and financial accounts on a regular basis and as the Board may require, so as to enable it to make a balanced and informed assessment of the Group's performance, financial position and prospects on a quarterly basis. The Board approves the dissemination of the Group's quarterly and full year financial results and annual reports, which present a balanced and informed assessment of the Group's performance, position and prospects, via the Singapore Exchange Network ("SGXNet") and the Company's website within the prescribed timeframe.

Principle 10: Accountability (cont'd)

Guideline 10.1: Accountability for Balanced Assessment (cont'd)
In addition, the Group Managing Director and Group Head of Finance, based on the assurance from the business and finance head of all individual subsidiaries, provide assurance to the Board on the integrity of the quarterly financial statements for the Group. Based on this representation, the Board issues negative assurance statements in its quarterly financial results announcements, confirming to the best of its knowledge that nothing had come to its attention which might render the financial statements false or misleading in any material aspect.

Guideline 10.2: Compliance with Legislative and Regulatory Requirements
The Board is updated on changes in legislation and regulatory compliance by Management, the Company Secretary and external auditors to ensure that the Group complies with the relevant regulatory requirements. The Company believes that prompt and full compliance with statutory reporting requirements is fundamental to maintain shareholder confidence and trust.

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 the 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 management and internal control system. 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, oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and also determines the Company's risk appetite and tolerance levels.

Risk management is an essential part of the Group's business planning and monitoring process. The Group 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 and their respective risk exposure and tolerance ratings and mitigating control measures are summarised in the Key Risk Profile and reported to the AC and the Board annually. The Key Risk Profile is regularly reviewed, addressed and reported to the AC and the Board as and when required. Business and finance heads of all subsidiaries are required to provide assurance to the Company on the adequacy and effectiveness of the risk management and internal controls, addressing financial, operational and compliance risks, including information technology risks on a quarterly basis. Risk management is also embedded into the day-to-day decision-making and operational activities.

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.

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

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

For the FY2017, 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.

Based on the risk management framework and 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 risk management and 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 FY2017.

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, Professor 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 Board considers Mr. Ong, who has extensive accounting and financial management experience, well qualified to chair the AC. 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. The key terms of reference of the AC is set out under Guideline 12.3 & 12.4 of this Report.

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 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;
d) review the adequacy and effectiveness of the internal audit function, including the adequacy of internal audit resources and its appropriate standing within the Group, as well as the scope and the results of the internal audit procedures;
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.

In the review of the financial statements for FY2017, the AC has discussed with the Management and the external auditors on significant issues and assumptions that impact the financial statements. The most significant matters, as outlined below, have also been included in the external auditor's report to the members under Key Audit Matters on pages 53 to 56 of this Annual Report. Following the review, the AC was satisfied that these matters has been properly dealt with and recommended the Board to approve the financial statements.

Principle 12: Audit Committee (cont'd)

Guidelines 12.3 and 12.4: Roles, Responsibilities and Authority of AC (cont'd)

Key Audit Matters	How AC reviewed these matters and what decisions were made
Revenue and cost of sales from software licensing and software project services	The AC reviewed the appropriateness and reasonableness of management's assessment of software project services revenue and costs, including the application of relevant accounting standards, projects cost estimates and assumptions.
Impairment assessment of goodwill	The AC reviewed the appropriateness and reasonableness of management's goodwill impairment assessment, including the methodology, assumptions, cash flow forecasts, long-term growth rate and discount rate.
Pricing and disclosure of related parties and related party transactions	The AC reviewed interested party transactions on a quarterly basis and as and when required to ensure compliance with mandates granted by the shareholders, including the appropriate disclosures in quarterly results announcement and annual report. The Group has processes and controls in place to identify related parties and related party transactions to ensure compliance with mandates granted by the shareholders.
Impairment assessment of investments in subsidiaries	The AC reviewed the appropriateness and reasonableness of management's impairment assessment of investments in subsidiaries including the methodology, assumptions, cash flow forecasts, long-term growth rate and discount rate.

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: Meetings 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.

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 FY2017 were RM2,019,182 and RM419,986 respectively. The non-audit services provided by the external auditors of the Group mainly related to tax services. 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 treats all information received confidentially and protects the identity of all whistle-blowers.

There was no reported incident pertaining to whistle-blowing for FY2017.

Principle 12: Audit Committee (cont'd)

Guideline 12.8: AC's Activities
During FY2017, the AC met 4 times. The AC also had one meeting with external auditors and internal auditors separately, without the presence of Management.

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 and internal auditors at AC Meetings.

Guideline 12.9: AC Member Restriction
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 in-house 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 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 four suitably qualified and experienced professionals with a range of two to thirty years of relevant audit experience, 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. The Head of Internal Audit and Compliance is a Certified Internal Auditor from the Institute of Internal Auditors. The internal auditors continuously maintain their professional competency through training programmes, conferences and seminars.

Guideline 13.5: Adequacy and Effectiveness of Internal Audit Function
The internal audit plan, which focuses on material internal controls, including financial, operational, compliance and information technology controls across the Group's business, is submitted to the AC for its review and approval at the start of each financial year. Periodic internal audit reports are submitted to the AC detailing the internal auditor's progress in executing the internal audit plan. All audit findings and recommendations made by the internal auditor are reported to the AC. The internal auditors follow up on all recommendations by the internal auditors to ensure management has implemented them on a timely basis and reports the results to the AC every quarter.

The AC reviews the adequacy and effectiveness of the internal audit function on an on-going basis, to ensure that internal audit function that remains effective and is adequately staffed. The AC is satisfied that the Internal Audit function has adequate resources to perform its functions effectively.

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 www.silverlakeaxis.com 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 practise 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 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.

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 practise 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
The Directors including the Chairman of the Board, Managing Director 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 the audit and 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. An independent scrutineer firm is present to validate votes. 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 and the respective percentages, are announced after the meeting, via SGXNet. For the forthcoming AGM, electronic polling will be implemented.

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.

Other Information

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

The Audit Committee has reviewed the Group's Interested Person Transactions ("IPT") for FY2017 to ensure IPTs are on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders and complied with the mandates granted by the shareholders at the Annual General Meeting of the Company held on 27 October 2016. The review procedures for IPTs are disclosed in the Company's Circular to Shareholders dated 4 October 2017.

The aggregate value of recurrent Interested Person Transactions ("IPT") of revenue or trading nature conducted during FY2017 by the Group 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) 01-07-2016 to 30-06-2017 RM	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) 01-07-2016 to 30-06-2017 RM
Companies associated to Mr. Goh Peng Ooi ("Silverlake Entities")		
- **Old IPT Mandate** (1)		
Revenue from Silverlake Entities	-	1,176,202
- **New IPT Mandate** (2)		
Revenue from Silverlake Entities	-	69,109,134
Service fees to Silverlake Entities	-	(41,943,605)
- **Non-Mandate Transactions** (3)		
Revenue from Silverlake Entities	633,047	-

(1) The Old IPT Mandate was approved by the shareholders on 31 October 2007 and was subsequently replaced by the New IPT Mandate, as approved by the Shareholders on 24 October 2008. The New IPT Mandate was approved on terms that it did not affect existing license and/or services agreements previously entered into under the Old IPT Mandate.

(2) The New IPT Mandate was approved by shareholders on 24 October 2008 for transactions pursuant to Master License Agreement ("MLA") and Master Services Agreement ("MSA"). The New IPT Mandate is subject to annual renewal.

(3) 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 RM70,918,383 (2016: RM103,806,521) and RM41,943,605 (2016: RM68,038,588) accounted for 14% (2016: 16%) and 18% (2016: 27%) of the Group's total revenue and total cost of sales respectively. Further details of IPT are disclosed in Note 32 to the financial statements.

2. ADDITIONAL DISCLOSURE IN RELATION TO THE COMPANY'S UNDERTAKINGS TO THE SGX-ST ON IPT

The ageing of amounts owing from the Silverlake Entities as at 30 June 2017 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
Transactions conducted under the New IPT Mandate:						
Silverlake Entities [1]	13,588,139	13,316,372	271,767	-	-	-
Non-Trade Transactions						
Silverlake Entities	105,318	102,586	2,732	-	-	-
Grand Total	**13,693,457**	**13,418,958**	**274,499**	**-**	**-**	**-**

[1] The Audit Committee confirms that collections from the Silverlake Entities were within the mandated terms.

3. MATERIAL CONTRACTS

Save as disclosed in Note 1 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 FY2017.

Financial Statements

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 2017.

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
Professor 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:

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Goh Peng Ooi	-	-	1,736,426,473	1,701,855,043
Dr. Kwong Yong Sin	12,972,000	15,372,000	800,000	950,000
Ong Kian Min	600,000	600,000	-	-
Professor Tan Sri Dato' Dr. Lin See Yan	600,000	600,000	-	-
Lim Kok Min	600,000	600,000	-	-
Datuk Sulaiman bin Daud	600,000	600,000	-	-
Datuk Yvonne Chia	300,000	300,000	110,000	110,000
Ordinary shares of the holding company (Intelligentsia Holding Ltd.)				
Goh Peng Ooi	3,882,254	3,882,254	-	-

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 2017.

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, Professor Tan Sri Dato' Dr. Lin See Yan, Mr. Ong Kian Min and Mr. Lim Kok Min.

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 in previous financial year. On 5 January 2017, 2,400,000 (2016: 2,400,000) shares with a fair value at grant date of RM7,366,080 (2016: RM7,527,480) were awarded and released to Dr. Kwong Yong Sin in recognition of his contribution to the Group for the financial year ended 30 June 2016 (2016: 30 June 2015). The actual number of remaining shares shall vest subject to the achievement of pre-determined targets set over a two-financial year (2016: three-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.

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	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
2017				
Dr. Kwong Yong Sin	-	17,850,000	13,050,000	4,800,000
2016				
Dr. Kwong Yong Sin	1,600,000	17,850,000	10,650,000	7,200,000

Details of the PSP are disclosed in Note 23(d) to the financial statements.

6. TREASURY SHARES

On 5 January 2017, 2,400,000 (2016: 2,400,000) treasury shares were released at the price of SGD0.56 (2016: SGD0.64) each, which reflected the fair values of shares at award dates, for the purposes of award of shares to managing director under the PSP.

During the financial year, the Company purchased 9,356,100 (2016: 42,405,100) shares pursuant to the share purchase mandate approved by shareholders on 26 October 2015 (2016: 26 October 2015). These shares were acquired by way of market acquisition for a total consideration of RM15,355,875 (2016: RM71,732,592) and are held as treasury shares by the Company.

Further details of the treasury shares are disclosed in Note 23(c) to the financial statements.

7. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

8. SIGNIFICANT EVENT AFTER THE FINANCIAL YEAR

There is no significant event after the financial year.

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 2017.

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

20 September 2017

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 financial position of the Group and of the Company as at 30 June 2017 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

20 September 2017

Independent Auditors' Report

To members of Silverlake Axis Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Silverlake Axis Ltd. and its subsidiaries (collectively, the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 30 June 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, set out on pages 59 to 162.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

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

Key audit matters

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

We have fulfilled our responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

No	Key risk	Our audit response
1.	**Revenue and cost of sales from software licensing and software project services** (Refer to Note 2.4(g) Summary of significant accounting policies - Revenue recognition, Note 3 – Revenue) For the financial year ended 30 June 2017, revenue from the provision of software licensing and software project services, amounted to RM27 million and RM39 million respectively. A portion of the Group's revenues and profits from these services are derived from long-term contracts which span more than one accounting period.	In addressing this area of audit focus, we performed, amongst others, the following procedures: (a) we read the contracts to obtain an understanding of the specific terms and conditions, including the relative proportion of the fees for service and license, and the project timelines, in assessing management's judgement on whether revenue from the provision of license should be recognised in accordance with IAS 11 or IAS 18; (b) we obtained an understanding of the relevant internal controls over the accuracy and timing of revenue recognised in the financial statements, including controls performed by the management in estimating total budgeted costs, profit margin and percentage-of-completion of the contract;

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key audit matters (cont'd)

No	Key risk	Our audit response
1.	**Revenue and cost of sales from software licensing and software project services (cont'd)** The determination of whether revenue for these contracts should be recognised in accordance with IAS 18 Revenue ("IAS 18") or IAS 11 Construction Contracts ("IAS 11") depends on the underlying contract arrangements for the provision of license and software project services. For contracts to be recognised in accordance with IAS 11, the Group uses the percentage-of-completion method in accounting for these long-term contracts. We identified revenue and cost of sales from software project services as areas requiring audit focus as significant management judgement and estimates are involved. In particular, we focused on the following areas: (a) Judgements made by the management in the assessment of whether revenue from the provision of license should be recognised in accordance with IAS 11 or IAS 18. Key considerations include the degree of modifications and customisation to be made to the modules and the length of the period required to customise/integrate the modules upon installation. (b) In respect of long-term contracts where revenue is recognised in accordance with IAS 11, estimates made by the management in respect of total budgeted costs which forms part of the computation of percentage-of-completion for these contracts.	In addressing this area of audit focus, we performed, amongst others, the following procedures: (cont'd) (c) we read the project management meeting minutes to obtain an understanding of the performance and status of the contracts; (d) we sighted sign-offs by customers on completion of each significant stage of implementation (e.g. functional specification, system integration test, user acceptance test, go live); (e) we evaluated the assumptions applied in estimating the total budgeted costs by examining documentary evidence such as approved purchase orders and letters of award issued to sub-contractors to support the total budgeted costs; (f) we also considered the historical accuracy of management's forecasts for similar contracts in assessing the reasonableness of the estimated total contract costs; and (g) we reviewed and recomputed the percentage of completion, including verifying the actual costs incurred to date to sub-contractors' claims and invoices.
2.	**Impairment assessment of goodwill** (Refer to Note 2.5(c) - Key sources of estimation uncertainty, Note 12 - Intangible assets) As at 30 June 2017, the carrying amount of goodwill recognised by the Group amounted to RM111 million, representing 45% and 8% of the Group's total non-current assets and total assets respectively. The Group is required to perform annual impairment assessment of the cash generating units ("CGU") or groups of CGUs to which goodwill has been allocated.	In addressing this area of audit focus, we performed, amongst others, the following procedures: (a) we obtained an understanding of the methodology adopted by the management in estimating the VIU and assessed whether such methodology is consistent with those used in the industry; (b) we evaluated management's key assumptions on revenue growth rate, gross profit margin and long-term growth rate, by taking into consideration the current and expected future economic conditions of the respective business segments and geographical regions of the CGUs. We also compared the key assumptions against past actual outcomes;

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key audit matters (cont'd)

No	Key risk	Our audit response
2.	**Impairment assessment of goodwill (cont'd)** The Group estimated the recoverable amounts of the CGUs to which the goodwill is allocated based on value-in-use ("VIU"). Estimating the VIU involves discounting the estimated future cash inflows and outflows expected to be derived from the CGUs to its present value using an appropriate discount rate. We identified this as our area of audit focus as the impairment assessment involves determining the recoverable amounts of the CGUs using a discounted cash flow approach which is complex and highly judgemental, specifically the assumptions on the revenue growth rate, gross profit margin, long-term growth rate and discount rate.	In addressing this area of audit focus, we performed, amongst others, the following procedures: (cont'd) (c) we involved our internal valuation experts in assessing the reasonableness of the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the CGU; and (d) we evaluated the adequacy of disclosures of key assumptions to which the outcome of the impairment test is most sensitive.
3.	**Pricing and disclosure of related parties and related party transactions** (Refer to Note 18 - Amounts due from/(to) subsidiaries and related parties and Note 32 - Significant related party transactions) The Group has significant related party transactions which include sales of goods and rendering of services to Silverlake Private Entities ("SPEs") totaling RM71 million representing 14% of Group's revenue, and service fees paid to SPEs totaling RM42 million representing 18% of the Group's cost of sales. We identified this as our area of audit focus due to the significance of the amounts and the frequency of such transactions. Specifically, we focused our audit efforts to determine whether the transactions with SPEs were authorised and entered into at rates and terms approved by the Audit Committee in accordance with the shareholders' mandates; and to ensure adequate and complete disclosures were made in the financial statements in accordance with IAS 24 Related Party Disclosures and SGX listing requirements.	In addressing this area of audit focus, we performed, amongst others, the following procedures: (a) we inquired management (including Internal Audit) and obtained understanding of the processes and controls that the Group has to: (i) identify, account for, and disclose related party relationships ("RPR") and transactions ("RPT"); (ii) authorise and approve significant RPT with related parties; and (iii) authorise and approve significant RPT outside the normal course of business. (b) we obtained the list of RPR and RPT and assessed: (i) completeness of the lists; (ii) whether significant RPT are properly approved; and (iii) whether significant RPT outside the normal course of business are properly approved. (c) we read contracts and agreements with related parties to understand the nature and terms of the transactions; (d) we assessed the appropriateness of the computation of material Interested Person Transactions ("IPT") and agreed the rates used in the computation to the latest rates approved by the Audit Committee; and (e) we evaluated the adequacy and completeness of disclosures of RPT in the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Key audit matters (cont'd)

No	Key risk	Our audit response
4.	**Impairment assessment on investments in subsidiaries** (Refer to Note 2.5(d) - Key sources of estimation uncertainty, Note 13 - Investments in subsidiaries) As at 30 June 2017, the carrying amount of the Company's investments in subsidiaries (before current year's impairment loss) amounted to RM1,895 million. The Company is required to perform impairment test of its investments whenever there is an indication that the investments may be impaired. Investments with carrying amounts higher than the Company's share of their net assets would indicate that the carrying amount of the Company's cost of investment in these subsidiaries may be impaired. Accordingly, the Company performed an impairment assessment on the cash generating units ("CGU") relating to those subsidiaries. This involves estimating the recoverable amounts of the CGU based on its value in use ("VIU") and comparing the recoverable amount to the carrying amount of the investment. We identified this as an area of audit focus as the impairment assessment was complex and highly judgemental. Estimation of the VIU involves estimating the future cash inflows and outflows that will be derived from the investment and discounting them to present value at an appropriate rate. The estimated VIU is subject to possible variations in the amounts and timing of future cash flows based on assumptions affected by future market and economic conditions in different geographical areas. Arising from the impairment assessment by the management, management impaired the investments in two of its subsidiaries to their respective recoverable amounts, resulting in a total impairment losses of RM31 million being recognised in the income statement.	In addressing this area of audit focus, we performed, amongst others, the following procedures: (a) we obtained an understanding of the methodology adopted by the management in estimating the VIU and assessed whether such methodology is consistent with those used in the industry; (b) we evaluated management's key assumptions on revenue growth rate, gross profit margin and long-term growth rate, by taking into consideration the current and expected future economic conditions of the respective subsidiaries. We also compared the key assumptions against past actual outcomes; (c) we involved our internal valuation experts in assessing the reasonableness of the discount rate used and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset is the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the subsidiary; and (d) we performed sensitivity analysis on key assumptions that will significantly affect the recoverable amounts of the investments in subsidiaries.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, 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 financial statements and to maintain accountability of assets.

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

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd)

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (cont'd)

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

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

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

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

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

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

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.

The engagement partner on the audit resulting in this independent auditors' report is Hoh Yoon Hoong.

ERNST & YOUNG
AF: 0039
Chartered Accountants

Kuala Lumpur, Malaysia
20 September 2017

Consolidated Income Statement

For the financial year ended 30 June 2017

	Note	Group 2017 RM	Group 2016 RM
Revenue	3	506,399,375	636,282,307
Cost of sales		(229,215,103)	(252,418,408)
Gross profit		277,184,272	383,863,899
Other items of income			
Finance income	4	4,241,638	2,140,757
Other income	5	807,905,860	19,670,186
Other items of expenses			
Selling and distribution costs		(28,889,330)	(23,657,716)
Administrative expenses		(103,811,235)	(82,536,054)
Finance costs	6	(1,437,678)	(1,110,406)
Share of (loss)/profit of associates and a joint venture		(7,702,836)	1,848,470
Profit before tax	7	947,490,691	300,219,136
Income tax expense	9	(101,493,956)	(26,362,298)
Profit for the year		845,996,735	273,856,838
Profit for the year attributable to:			
Owners of the parent		845,991,733	273,848,019
Non-controlling interests		5,002	8,819
		845,996,735	273,856,838
Earnings per share attributable to the owners of the parent:			
- Basic (sen)	10	31.98	10.30
- Diluted (sen)	10	31.95	10.30

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 2017

	Note	Group	
		2017 RM	2016 RM
Profit for the year		845,996,735	273,856,838
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
- Fair value loss on available-for-sale financial assets	20	(95,598,263)	-
- Deferred tax relating to fair value loss on available-for-sale financial assets	28	8,400,824	-
- Foreign currency translation gain		36,379,847	9,089,212
- Share of foreign currency translation gain of a joint venture		1,419	-
		(50,816,173)	9,089,212
Items that will not be reclassified to profit or loss:			
- Actuarial gain on defined benefit plans	30	1,630,479	1,459,668
- Deferred tax relating to actuarial gain on defined benefit plans	28	(747,656)	(127,620)
		882,823	1,332,048
Other comprehensive (loss)/income for the year, net of tax		(49,933,350)	10,421,260
Total comprehensive income for the year		796,063,385	284,278,098
Total comprehensive income for the year attributable to:			
Owners of the parent		796,058,383	284,269,279
Non-controlling interests		5,002	8,819
		796,063,385	284,278,098

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

Statements of Financial Position
as at 30 June 2017

	Note	Group		Company	
		2017 RM	2016 RM	2017 RM	2016 RM
Assets					
Non-current assets					
Property, plant and equipment	11	19,085,269	16,321,337	-	-
Intangible assets	12	191,690,631	195,875,204	-	-
Investments in subsidiaries	13	-	-	1,863,873,593	1,894,873,593
Investments in associates	14	-	106,380,900	-	482,400
Interest in a joint venture	15	30,175,732	31,611,357	30,176,361	33,346,002
Deferred tax assets	28	5,877,391	5,790,275	-	-
		246,829,023	355,979,073	1,894,049,954	1,928,701,995
Current assets					
Amounts due from customers for contract work-in-progress	16	20,888,447	16,916,828	-	-
Trade and other receivables	17	144,592,658	177,845,034	29,167	61
Advance maintenance costs		3,559,841	2,729,534	-	-
Prepayments		5,065,685	4,221,916	52,606	45,810
Dividend receivables		-	-	129,290,101	24,315,200
Amount due from a subsidiary	18	-	-	-	34,902
Amounts due from related parties	18	13,693,457	43,327,704	-	-
Loan to a subsidiary	19	-	-	-	9,424,643
Tax recoverable		3,371,722	1,670,392	-	-
Available-for-sale financial assets					
- quoted equity shares	20	280,305,198	-	-	-
- money market fund	21	2,312,790	4,729,521	-	-
Cash and bank balances	22	720,708,154	225,942,723	78,941,196	38,754,126
		1,194,497,952	477,383,652	208,313,070	72,574,742
Total assets		1,441,326,975	833,362,725	2,102,363,024	2,001,276,737

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

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Equity and liabilities					
Equity					
Share capital	23(a)	191,040,654	191,040,654	191,040,654	191,040,654
Share premium	23(b)	232,217,438	229,022,558	1,668,775,194	1,665,580,314
Treasury shares	23(c)	(86,627,098)	(75,442,423)	(86,627,098)	(75,442,423)
Foreign currency translation reserve	24(a)	61,959,697	25,578,431	-	-
Capital reserve	24(b)	466,828	466,828	-	-
Statutory reserve	24(c)	21,819	21,819	-	-
Performance share plan reserve	23(d),24(d)	10,163,890	5,839,774	10,163,890	5,839,774
Available-for-sale reserve	24(e)	(87,197,439)	-	-	-
Merger deficit	25	(119,765,286)	(119,765,286)	-	-
Retained profits		955,660,890	345,766,416	228,794,009	138,129,289
Equity attributable to owners of the parent		1,157,941,393	602,528,771	2,012,146,649	1,925,147,608
Non-controlling interests		85,198	80,196	-	-
Total equity		1,158,026,591	602,608,967	2,012,146,649	1,925,147,608
Non-current liabilities					
Loans and borrowings	26	1,645,395	1,423,891	-	-
Deferred tax liabilities	28	38,735,562	18,133,849	-	-
Provision for defined benefit liabilities	30	7,725,490	7,793,902	-	-
		48,106,447	27,351,642	-	-
Current liabilities					
Amounts due to customers for contract work-in-progress	16	9,622,418	8,170,674	-	-
Trade and other payables	29	66,278,036	49,355,794	1,872,156	3,759,359
Provision for defined benefit liabilities	30	419,939	373,822	-	-
Advance maintenance fees		57,003,287	55,772,126	-	-
Loans and borrowings	26	89,251,962	73,049,433	88,337,362	72,239,600
Amount due to a subsidiary	18	-	-	6,857	17,888
Amounts due to related parties	18	4,005,145	5,926,194	-	-
Tax payable		8,613,150	10,754,073	-	112,282
		235,193,937	203,402,116	90,216,375	76,129,129
Total liabilities		283,300,384	230,753,758	90,216,375	76,129,129
Net current assets/(liabilities)		959,304,015	273,981,536	118,096,695	(3,554,387)
Total equity and liabilities		1,441,326,975	833,362,725	2,102,363,024	2,001,276,737

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 2017

2017 Group	Note	Share capital (Note 23(a)) RM	Share premium (Note 23(b)) RM	Treasury shares (Note 23(c)) RM	Foreign currency translation reserve (Note 24(a)) RM	Capital reserve (Note 24(b)) RM	Statutory reserve (Note 24(c)) RM	Performance share plan reserve (Note 23(d), Note 24(d)) RM	Available-for-sale reserve Note 24(e)) RM	Merger deficit (Note 25) RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the parent												
				<------------------------------- Non-distributable ------------------------------->										
At 1 July 2016		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
Profit for the year		-	-	-	-	-	-	-	-	-	845,991,733	845,991,733	5,002	845,996,735
Other comprehensive income/(loss) for the year		-	-	-	36,381,266	-	-	-	(87,197,439)	-	882,823	(49,933,350)	-	(49,933,350)
Total comprehensive income/(loss) for the year		-	-	-	36,381,266	-	-	-	(87,197,439)	-	846,874,556	796,058,383	5,002	796,063,385
Contributions by and distributions to owners														
Purchase of treasury shares	23(c)	-	-	(15,355,875)	-	-	-	-	-	-	-	(15,355,875)	-	(15,355,875)
Grant of shares under Performance Share Plan	23(d)	-	-	-	-	-	-	11,690,196	-	-	-	11,690,196	-	11,690,196
Release of shares under Performance Share Plan	23(b),(d)	-	3,194,880	4,171,200	-	-	-	(7,366,080)	-	-	-	-	-	-
Dividends on ordinary shares	31	-	-	-	-	-	-	-	-	-	(236,980,082)	(236,980,082)	-	(236,980,082)
Total transactions with owners in their capacity as owners		-	3,194,880	(11,184,675)	-	-	-	4,324,116	-	-	(236,980,082)	(240,645,761)	-	(240,645,761)
At 30 June 2017		191,040,654	232,217,438	(86,627,098)	61,959,697	466,828	21,819	10,163,890	(87,197,439)	(119,765,286)	955,660,890	1,157,941,393	85,198	1,158,026,591

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 2017

2016 Group	Note	Share capital (Note 23(a)) RM	Share premium (Note 23(b)) RM	Treasury shares (Note 23(c)) RM	Foreign currency translation reserve (Note 24(a)) RM	Capital reserve (Note 24(b)) RM	Statutory reserve (Note 24(c)) RM	Performance share plan reserve (Note 23(d), Note 24(d)) RM	Available-for-sale reserve Note 24(e)) RM	Merger deficit (Note 25) RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the parent												
				<---------- Non-distributable ---------->										
At 1 July 2015		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
Total comprehensive income for the year		-	-	-	9,089,212	-	-	-	-	-	275,180,067	284,269,279	8,819	284,278,098
<u>Contributions by and distributions to owners</u>														
Issuance of bonus shares	23(a),(b)	33,557,495	(33,557,495)	-	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	23(c)	-	-	(71,732,592)	-	-	-	-	-	-	-	(71,732,592)	-	(71,732,592)
Grant of shares under Performance Share Plan	23(d)	-	-	-	-	-	-	8,154,596	-	-	-	8,154,596	-	8,154,596
Release of shares under Performance Share Plan	23(b),(d)	-	3,310,680	4,216,800	-	-	-	(7,527,480)	-	-	-	-	-	-
Dividends on ordinary shares	31	-	-	-	-	-	-	-	-	-	(257,508,843)	(257,508,843)	-	(257,508,843)
Total transactions with owners in their capacity as owners		33,557,495	(30,246,815)	(67,515,792)	-	-	-	627,116	-	-	(257,508,843)	(321,086,839)	-	(321,086,839)
At 30 June 2016		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 Cash Flows

For the financial year ended 30 June 2017

	Note	Group 2017 RM	Group 2016 RM
Operating activities			
Profit before tax		947,490,691	300,219,136
Adjustments for:			
Amortisation of intangible assets	7, 12	14,346,631	13,441,922
Depreciation of property, plant and equipment	7, 11	3,986,860	3,005,608
Provision for foreseeable losses	7	427,184	2,203,506
Write off of property, plant and equipment	7	350,481	3,225
Net gain on disposal of property, plant and equipment	5	(112,986)	(49,984)
Gain on redemption of available-for-sale financial assets - money market fund	5	(413,234)	(920,016)
Gain on re-measurement of interest retained in investment to fair value	5	(294,787,192)	-
Impairment loss on financial assets - trade receivables	7	1,389	244,436
Bad debts written off	7	2,407	-
Reversal of impairment loss on trade receivables	5	(973,877)	(250,653)
Net unrealised foreign currency exchange gain	5	(11,528,125)	(14,611,668)
Allowance for unutilised leave	8	111,735	555,555
Allowance for defined benefit liabilities	8, 30	1,528,214	761,462
Fair value adjustment arising from subsequent measurement of contingent consideration for business combination	7	-	13,401
Share of loss/(profit) of associates and a joint venture		7,702,836	(1,848,470)
Gain on disposal of shares in an associate	5, 14	(480,365,471)	-
Loss/(Gain) on dilution of interest in an associate arising from issuance of new shares pursuant to employee shares incentive plan	7, 5, 14	248,641	(2,907,261)
Gain on dilution of interest in an associate arising from issuance of new shares to part finance the acquisition of business and for private placements	5, 14	(18,798,722)	-
Performance shares issued	8	11,690,196	8,154,596
Finance costs	6	1,437,678	1,110,406
Finance income	4	(4,241,638)	(2,140,757)
Total adjustments		(769,386,993)	6,765,308
Operating cash flows before changes in working capital		178,103,698	306,984,444
Changes in working capital:			
Trade and other receivables		39,173,004	(54,811,947)
Amounts due from/to customers for contract work-in-progress		(2,750,678)	(7,246,310)
Amounts due from/to related parties		29,922,491	(16,684,794)
Trade and other payables		592,881	11,674,794
Total changes in working capital		66,937,698	(67,068,257)
Cash flows from operations		245,041,396	239,916,187
Net placement of deposit pledged		(3,006,500)	-
Defined benefits paid	30	(168,405)	(142,804)
Income tax paid		(23,683,277)	(30,050,564)
Interest paid		(1,279,568)	(596,435)
Net cash flows from operating activities		216,903,646	209,126,384

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

	Note	Group 2017 RM	Group 2016 RM
Investing activities			
Purchases of property, plant and equipment	(a)	(6,000,583)	(2,728,439)
Payments for software development expenditure	12	-	(642,781)
Payments for other intangible assets	(b)	(4,841,615)	(453,835)
Acquisition of subsidiaries, net of cash acquired	(c)	-	(68,972,422)
Advances to a joint venture	15	(129,650)	(235,254)
Purchases of available-for-sale financial assets -money market fund		(72,930,000)	(96,934,521)
Proceeds from disposal of property, plant and equipment		158,175	50,265
Proceeds from disposal of shares in an associate		556,968,103	-
Capital gain tax paid relating to the disposal of shares in an associate		(54,150,352)	-
Proceeds from redemption of available-for-sale financial assets - money market fund		75,759,965	103,515,016
Interest received		2,523,320	2,243,808
Dividend received from an associate		-	771,106
Net (placement)/uplift of short-term deposits		(296,192,469)	3,714,373
Net cash flows from/(used in) investing activities		201,164,894	(59,672,684)
Financing activities			
Dividends paid	31	(236,980,082)	(257,508,843)
Purchase of treasury shares		(17,471,812)	(69,616,655)
Proceeds from revolving credit		45,608,752	137,648,900
Repayment of obligations under finance lease		(865,396)	(865,982)
Repayment of revolving credit		(33,174,790)	(61,798,500)
Net cash flows used in financing activities		(242,883,328)	(252,141,080)
Net increase/(decrease) in cash and cash equivalents		175,185,212	(102,687,380)
Effects of exchange rate changes on cash and cash equivalents		20,380,050	11,828,496
Cash and cash equivalents at beginning of year		224,714,029	315,572,913
Cash and cash equivalents at end of year	22	420,279,291	224,714,029

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

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

	Group	
	2017 RM	2016 RM
Cash	6,000,583	2,728,439
Hire purchase	1,010,420	313,592
	7,011,003	3,042,031

(b) Additions of other intangible assets during the financial year were by way of:

	Group	
	2017 RM	2016 RM
Cash	4,841,615	453,835
Hire purchase	162,348	-
	5,003,963	453,835

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

		Group	
	Note	2017 RM	2016 RM
Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri")	13(a)	-	52,114,822
Cyber Village Sdn. Bhd. ("CVSB")	13(b)	-	1,800,000
Merimen Ventures Sdn. Bhd. ("Merimen")	13(c)	-	15,057,600
		-	68,972,422

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 2017

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.

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, except for the following amendments to IFRS effective as of 1 July 2016:

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
Amendments to IAS 27 Equity Method in Separate Financial Statements
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1 Disclosure Initiative
Annual Improvements to IFRSs 2012 - 2014 Cycle
IFRS 14 Regulatory Deferral Accounts

The adoption of the above standards did not have any effect on the financial performance or position of the Group and the Company.

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 IAS 7	Disclosure Initiative	1 January 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to IFRSs 2014 - 2016 Cycle		
• Amendments to IFRS 12	Disclosure of Interests in Other Entities	1 January 2017
• Amendments to IFRS 1	First Time Adoption of International Financial Reporting Standards	1 January 2018
• Amendments to IAS 28	Investment in Associates and Joint Ventures	1 January 2018
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to IAS 40	Transfers of Investment Property	1 January 2018
IFRIC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
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.

<u>The five-step model</u>
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.

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 2017.

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 consolidated financial statements 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.

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, which is measured at acquisition date fair value, 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.

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 equity 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.

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.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

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.

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 recognised in 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 measured at fair value is treated in line with the recognition of gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI 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 OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified 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.

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 received. 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.

When there is significant modification required subsequent to the delivery of the software source codes, revenue from software licensing 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 bear to the estimated total costs for each contract as disclosed in Note 2.4(h).

(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 bear 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.

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 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.

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 re-assessed 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 OCI 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 recognised 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.

2. Significant accounting policies (cont'd)

2.4 Summary of significant accounting policies (cont'd)

(j) Taxes (cont'd)

Goods and Service Tax ("GST") or Value Added Tax ("VAT")

The net amount of GST or VAT being the difference between output and input of GST or VAT, 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 be 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.

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.

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 use or sell the asset;
- the ability to use or sell the intangible asset generated;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

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.

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 are further explained in Note 2.5.

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 to determine 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.

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.

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.

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 loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount 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.

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 statements 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.

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 34(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.

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 expense or credit in the income statement 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 vested 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.

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.

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 or 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.

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 36, including the factors used to identify the reportable segments and the measurement basis of segment information.

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.

<u>Sensitivity analysis on the estimated remaining contract costs</u>
If the estimated remaining contract costs (excluding sub-contractor fees) for material contracts increase by 10%, the net profit of the Group will decrease by approximately RM369,000 (2016: RM89,000).

(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.

<u>Sensitivity analysis on economic lives of software development expenditure</u>
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	
	2017 RM	2016 RM
If economic lives increase by 1 year: Decrease in amortisation	262,217	251,892
If economic lives decrease by 1 year: Increase in amortisation	(320,488)	(307,868)

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 2017 are RM1,863,873,593 and Nil (2016: RM1,894,873,593 and RM9,424,643) 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 growth rate ranging from 0% to 5% (2016: 0% to 5%) and discount rate ranging from 10.00% to 15.00% (2016: 13.00% to 20.00%), varying in accordance to country and industry, taking into consideration the nature and basis for valuation adjustments and calculations. In the current financial year, impairment losses of RM31,000,000 (2016: RM4,284,000) (Note 13) and RM14,200,940 (2016: RM11,415,000) (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 increases by 1%		Growth rate decreases by 1%	
	2017 RM	2016 RM	2017 RM	2016 RM
QR Technology Sdn. Bhd.	8,596,000	8,769,000	5,804,000	5,479,000
Silverlake Japan Ltd	406,000	1,704,000	-	-
	9,002,000	10,473,000	5,804,000	5,479,000

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(e) 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 RM43,507,927 (2016: RM52,160,363).

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 10% (2016: 20%). During the financial year, an impairment loss of RM14,200,940 (2016: RM11,415,000) (Note 19) has been recognised on loan to a subsidiary in the Company's statement of financial position. The Company's loan to a subsidiary has been fully impaired during the financial year.

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 34(c).

(f) 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 13% (2016: 15%). In the current financial year, impairment loss of RM482,400 (2016: RM747,600) has been recognised on investments in associate in the Company's statement of financial position. Following this impairment, the Company's investment in an associate has been fully impaired during the financial year.

(g) 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 RM218,688,063 (2016: RM209,167,564) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses 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.

2. Significant accounting policies (cont'd)

2.5 Significant accounting estimates and judgements (cont'd)

Key sources of estimation uncertainty (cont'd)

(g) Income and deferred tax (cont'd)

If the Group was able to recognise these unrecognised deferred tax assets, profit and equity would have increased by RM45,403,821 (2016: RM42,188,162). Further details on taxes are disclosed in Note 9 and Note 28.

(h) 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 30.

(i) Performance share plan ("PSP")

The expenses recognised for PSP over the vesting period reflects the Group's best estimate of the number of equity instruments that will ultimately vest subject to the achievement of pre-determined targets set.

Management has assessed the probability of the eligible employees achieving the set targets and determined that they will be achieved.

As at 30 June 2017, the remaining cumulative expense recognised amounted to RM10,163,890 (2016: RM 5,839,774) (Note 23(d)). If the target for the coming financial year is estimated to be not achievable, the remaining cumulative expense recognised will decrease by RM4,252,303 (2016: RM3,391,639).

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.

3. Revenue

	Group	
	2017 RM	2016 RM
Sale of goods		
Sale of software and hardware products	3,429,527	16,728,382
Software licensing	26,789,716	127,903,481
	30,219,243	144,631,863
Rendering of services		
Software project services	39,088,430	100,133,849
Maintenance and enhancement services	388,665,977	346,169,980
Credit and cards processing	18,750,597	20,101,583
Insurance processing	29,675,128	25,245,032
	476,180,132	491,650,444
Total revenue	506,399,375	636,282,307

4. Finance income

	Group	
	2017 RM	2016 RM
Interest income from deposits with licensed banks	4,239,488	2,005,729
Unwinding of discount on amounts due from customers (receivables) *	2,150	135,028
Total finance income	4,241,638	2,140,757

* This represents unwinding of discount on software project contracts with deferred billing arrangements.

5. Other income

	Group	
	2017 RM	2016 RM
Net unrealised foreign currency exchange gain	11,528,125	14,611,668
Net gain on disposal of property, plant and equipment	112,986	49,984
Commission income and other incentives	2,770	214,150
Rental income of office premises	304,386	216,583
Reversal of impairment loss on trade receivables (Note 34(c))	973,877	250,653
Gain on redemption of available-for-sale financial assets - money market fund	413,234	920,016
Gain on dilution of interest in an associate arising from:		
- Issuance of new shares pursuant to employee shares incentive plan (Note 14)	-	2,907,261
- Issuance of new shares to part finance the acquisition of business and for private placements (Note 14)	18,798,722	-
Gain on disposal of shares in an associate (Note 14)	480,365,471	-
Gain on re-measurement of interest retained in investment to fair value (Note 14)	294,787,192	-
Miscellaneous income	619,097	499,871
Total other income	807,905,860	19,670,186

6. Finance costs

	Group	
	2017 RM	2016 RM
Interest expense on:		
- Revolving credit	1,274,698	521,811
- Obligations under finance leases	62,816	74,624
	1,337,514	596,435
Unwinding of discount on other payables (non-current):		
- Deferred consideration payable	-	38,661
- Contingent consideration for business combination	-	278,606
Unwinding of discount on amounts due to customers (payables) *	100,164	196,704
Total finance costs	1,437,678	1,110,406

* This represents unwinding of discount on sub-contracted software projects with deferred billing arrangements.

7. Profit before tax

The following items have been included in arriving at profit before tax:

	Group	
	2017 RM	2016 RM
Amortisation of intangible assets (Note 12)	14,346,631	13,441,922
Depreciation of property, plant and equipment (Note 11)	3,986,860	3,005,608
Write off of property, plant and equipment (Note 11)	350,481	3,225
Allowance for impairment loss on advances to a joint venture (Note 15)	5,600,000	-
Impairment loss on financial assets - trade receivables (Note 34(c))	1,389	244,436
Provision for foreseeable losses	427,184	2,203,506
Bad debts written off	2,407	-
Net realised foreign currency exchange loss	8,790,810	8,179,433
Directors' fees	2,951,232	2,901,659
Employee benefits expense (Note 8)	197,441,302	167,529,009
Fair value adjustment arising from subsequent measurement of contingent consideration for business combination (Note 13(c))	-	13,401
Loss on dilution of interest in an associate arising from issuance of new shares pursuant to employee shares incentive plan (Note 14)	248,641	-
Audit fees:		
- Auditors of the Company	897,049	865,488
- Other auditors	1,122,133	619,001
Non-audit fees:		
- Auditors of the Company	251,368	744,023
- Other auditors	168,618	175,325
Operating lease expenses (Note 33(b))	6,965,497	6,593,871

Total software project costs (including employee benefits expense) amounted to RM31,211,346 (2016: RM53,775,386).

8. Employee benefits expense (including directors' remuneration)

	Group	
	2017 RM	2016 RM
Wages and salaries	165,825,754	143,751,622
Defined contribution plans	13,123,356	12,668,821
Defined benefit obligation (Note 30)	1,528,214	761,462
Performance shares issued (Note 23(d))	11,690,196	8,154,596
Allowance for unutilised leave	111,735	555,555
Other employee benefits	5,162,047	2,301,128
	197,441,302	168,193,184
Less: Capitalised under intangible assets (Note 12)	-	(642,781)
Less: Capitalised under contract work-in-progress (Note 16)	-	(21,394)
	197,441,302	167,529,009

9. Income tax expense

	Group	
	2017 RM	2016 RM
Current income tax:		
- Malaysia	4,302,017	7,120,837
- Singapore	3,264,106	4,143,021
- Thailand	386,602	527,442
- Brunei	886,208	1,237,331
- Indonesia	1,653,946	1,413,052
- Philippines	1,203,523	1,010,934
- Others	196,618	10,121
	11,893,020	15,462,738
Deferred tax (Note 28)		
- Origination and reversal of temporary differences	27,927,430	(2,268,363)
(Over)/Under provision in prior financial years:		
- Income tax	(419,905)	(59,627)
- Deferred tax (Note 28)	(138,014)	26,665
	(557,919)	(32,962)
Income tax expense for the year	39,262,531	13,161,413
Foreign and withholding tax	62,231,425	13,200,885
	101,493,956	26,362,298

The corporate income tax rates applicable to companies within the Group are as follows:

	2017	2016
Malaysia	24%	24%
Singapore	17%	17%
Thailand	20%	20%
Brunei	19%	19%
Indonesia	25%	25%
Japan	31%	31%
Philippines	30%	30%
China	25%	25%
Hong Kong	17%	17%
New Zealand	28%	28%
Czech Republic	19%	19%
United Kingdom	20%	20%
Slovakia	22%	22%
Vietnam	20%	-

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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 2017 and 2016 are as follows:

	Group	
	2017 RM	2016 RM
Profit before tax	947,490,691	300,219,136
Tax calculated at a tax rate of:		
- Malaysia 24% (2016: 24%)	30,488,033	30,524,005
- Singapore 17% (2016: 17%)	37,915	4,062,356
- Thailand 20% (2016: 20%)	1,512,258	1,123,874
- Brunei 19% (2016: 19%)	976,799	1,319,139
- Indonesia 25% (2016: 25%)	1,131,816	1,277,521
- Japan 31% (2016: 31%)	(1,687,697)	(1,282,423)
- Philippines 30% (2016: 30%)	1,161,179	862,861
- China 25% (2016: 25%)	(768,018)	1,264,564
- Hong Kong 17% (2016: 17%)	132,001,945	(2,052)
- New Zealand 28% (2016: 28%)	(1,366,233)	(84,707)
- Czech Republic 19% (2016: 19%)	(146,464)	(109,176)
- United Kingdom 20% (2016: 20%)	(21,110)	(4,393)
- Slovakia 22% (2016: 22%)	617,156	(310,627)
- Vietnam 20% (2016: Nil)	(41,324)	-
Tax effect of:		
- Share of loss/(profit) of associates and a joint venture	2,072,091	(693,653)
- Partial exemption and tax relief	(1,590,438)	(1,207,864)
- Exempted income under pioneer status[1]	(28,069,487)	(24,698,333)
- Exempted income under promotional privileges[2]	(1,311,559)	(590,821)
- Expenses not deductible for tax purposes:		
Net foreign currency exchange loss	1,763,251	333,343
Others	6,286,952	4,799,273
- Income not subject to tax:		
Gain on disposal of shares in an associate	(79,260,302)	-
Gain on re-measurement of interest retained in investment to fair value	(12,970,993)	-
Gain on dilution of interest arising from issuance of new shares	(3,101,789)	-
Others	(4,117,978)	(4,486,795)
- Tax rebates	(72,048)	(73,866)
- Enhanced capital allowances	(81,665)	(36,890)
Deferred tax assets unrecognised	1,707,769	1,372,352
Deferred tax on undistributed profits of an associate and a subsidiary (Note 28)	(4,975,987)	967,548
Utilisation of tax losses previously not recognised	(347,747)	(1,103,938)
Utilisation of bilateral tax credit	(5,875)	(26,923)
Over provision of income tax in prior financial years	(419,905)	(59,627)
(Over)/Under provision of deferred tax in prior financial years	(138,014)	26,665
Income tax expense for the year	39,262,531	13,161,413
Foreign and withholding tax	62,231,425	13,200,885
	101,493,956	26,362,298

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction and eliminating intra-group transactions.

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. ("SSSVC"), 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	
	2017	2016
Profit net of tax attributable to owners of the parent (RM)	845,991,733	273,848,019
Weighted average number of ordinary shares for basic earnings per share computation *	2,645,626,429	2,657,553,863
Basic earnings per share (RM sen)	31.98	10.30
Weighted average number of ordinary shares for diluted earnings per share computation **	2,648,026,429	2,657,553,863
Diluted earnings per share (RM sen)	31.95	10.30

* 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 of 2,400,000 (2016: Nil) 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.

11. Property, plant and equipment

Group	Freehold land RM	Furniture and fittings RM	Motor vehicles RM	Office equipment RM	Total RM
At 30 June 2017					
Cost					
At 1 July 2016	7,153,765	5,390,678	3,678,877	10,461,650	26,684,970
Additions	-	4,838,338	150,187	2,022,478	7,011,003
Disposals	-	(1,100)	(576,258)	(13,930)	(591,288)
Written off	-	(2,028,375)	-	(1,371,733)	(3,400,108)
Currency translation differences	-	27,586	49,974	114,887	192,447
At 30 June 2017	7,153,765	8,227,127	3,302,780	11,213,352	29,897,024
Accumulated depreciation					
At 1 July 2016	-	2,694,922	2,090,543	5,578,168	10,363,633
Charge for the year (Note 7)	-	1,355,663	424,160	2,207,037	3,986,860
Disposals	-	(316)	(532,538)	(13,245)	(546,099)
Written off	-	(1,730,264)	-	(1,319,363)	(3,049,627)
Currency translation differences	-	1,187	25,265	30,536	56,988
At 30 June 2017	-	2,321,192	2,007,430	6,483,133	10,811,755
Net carrying amount	7,153,765	5,905,935	1,295,350	4,730,219	19,085,269
At 30 June 2016					
Cost					
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
Accumulated depreciation					
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
Net carrying amount	7,153,765	2,695,756	1,588,334	4,883,482	16,321,337

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

Company	Office equipment RM
At 30 June 2017	
Cost	
At 1 July 2016/30 June 2017	32,363
Accumulated depreciation	
At 1 July 2016/30 June 2017	32,363
Net carrying amount	-
At 30 June 2016	
Cost	
At 1 July 2015/30 June 2016	32,363
Accumulated depreciation	
At 1 July 2015	31,599
Charge for the year	764
At 30 June 2016	32,363
Net carrying amount	-

(a) Transfer of asset
In the previous 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 was 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 RM1,010,420 (2016: RM313,592) 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 RM2,909,953 (2016: RM2,455,016).

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 (2016: RM7,153,765) is pledged to secure term loan and overdraft facilities of a subsidiary (Note 26). The freehold land pledged had been discharged during the financial year.

12. Intangible assets

Group	Software development expenditure RM	Purchased software RM	Proprietary software RM	Customer relationship RM	Customer contracts RM	Goodwill RM	Total RM
At 30 June 2017							
Cost							
At 1 July 2016	80,623,730	41,388,689	63,646,888	19,124,840	2,016,000	108,200,874	315,001,021
Additions							
- purchased	-	5,003,963	-	-	-	-	5,003,963
Written off	-	(929,838)	-	-	-	-	(929,838)
Currency translation differences	3,540,721	845,740	1,785,229	380,272	-	2,377,715	8,929,677
At 30 June 2017	84,164,451	46,308,554	65,432,117	19,505,112	2,016,000	110,578,589	328,004,823
Accumulated amortisation							
At 1 July 2016	54,624,663	31,626,428	23,832,629	4,890,113	2,016,000	-	116,989,833
Charge for the year (Note 7)	2,884,390	3,123,958	6,439,958	1,898,325	-	-	14,346,631
Written off	-	(929,838)	-	-	-	-	(929,838)
Currency translation differences	2,488,267	455,055	782,853	45,407	-	-	3,771,582
At 30 June 2017	59,997,320	34,275,603	31,055,440	6,833,845	2,016,000	-	134,178,208
Accumulated impairment loss							
At 1 July 2016/ 30 June 2017	2,135,984	-	-	-	-	-	2,135,984
Net carrying amount	22,031,147	12,032,951	34,376,677	12,671,267	-	110,578,589	191,690,631

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
At 30 June 2016							
Cost							
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
Additions							
- 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
Accumulated amortisation							
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
Accumulated impairment loss							
At 1 July 2015/ 30 June 2016	2,135,984	-	-	-	-	-	2,135,984
Net carrying amount	23,863,083	9,762,261	39,814,259	14,234,727	-	108,200,874	195,875,204

<u>Software development expenditure</u>
Included in software development expenditure capitalised in previous financial year was employee benefits expense amounted to RM642,781 (Note 8).

<u>Purchased software</u>
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.

<u>Proprietary software</u>
Proprietary software represents software acquired through the acquisition of Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri") Group (Note 13(a)), Cyber Village Sdn. Bhd. ("CVSB") (Note 13(b)), Merimen Ventures Sdn. Bhd. ("Merimen") Group (Note 13(c)) and Symmetric Payments & Integration Holdings Pte. Ltd. ("SPI") Group in prior years.

12. Intangible assets (cont'd)

Customer relationship

Customer relationship acquired through:

(i) the acquisition of Symmetri Group in previous 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:

	2017 RM	2016 RM
Payments and integration solution	32,227,745	30,936,069
Insurance processing solution	37,894,012	37,894,012
Mobile and internet solution	23,032,343	23,032,343
Silverlake Symmetri retail banking solution	17,424,489	16,338,450
	110,578,589	108,200,874

Purchased software held under finance leases

During the financial year, the Group acquired software with an aggregate cost of RM162,348 (2016: Nil) by means of finance leases.

The carrying amount of purchased software of the Group held under finance leases as at the reporting date were RM153,477 (2016: Nil).

Purchased software are pledged as security for the related finance lease liabilities.

Amortisation expense

The amortisation of intangible assets (other than goodwill) of RM14,346,631 (2016: RM13,441,922) (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 (2016: less than 9 years).

12. Intangible assets (cont'd)

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	
	2017	2016	2017	2016	2017	2016	2017	2016
Discount rate	12%	15%	15%	15%	13%	15%	13%	13%
Growth rate	5%	5%	5%	5%	5%	5%	2%	2%

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	
	2017 RM	2016 RM
Shares at cost, unquoted		
At beginning of the year	1,899,157,593	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	1,899,157,593
Accumulated impairment		
At beginning of the year	(4,284,000)	-
Impairment loss for the year	(31,000,000)	(4,284,000)
At end of the year	(35,284,000)	(4,284,000)
Carrying amount	1,863,873,593	1,894,873,593

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 2017 %	2016 %
Held by the Company:				
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. ("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. ("Symmetri") (Note a) ∂	Provision of customised software solutions for banking and financial services industry	Singapore	100	100

13. Investments in subsidiaries (cont'd)

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held 2017 %	2016 %
Held by SAACIS:				
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
Held by QRT:				
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
Held by SSL:				
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
Held by SPI:				
Symmetric Payments & Integration Pte. Ltd. **	Sales of computer software and provision of technical support services	Singapore	100	100
Symmetric Payments & Integration Sdn. Bhd. *	Sales of computer software and provision of technical support services	Malaysia	100	100

13. Investments in subsidiaries (cont'd)

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held 2017 %	2016 %
Held by Merimen:				
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
Merimen Technologies (Vietnam) Company Limited #####	Provision of electronic insurance claim solution services	Vietnam	100	-
Merimen Technologies (Thailand) Co. Ltd ######	Provision of electronic insurance claim solution services	Thailand	100	-
Merimen Technologies Hong Kong Limited	Provision of electronic insurance claim solution services	Hong Kong	100	-
Held by Symmetri:				
Silverlake Symmetri (Malaysia) Sdn. Bhd. ∂∂	Provision of card and payment software solution services	Malaysia	100	100
Silverlake Symmetri (Philippines) Enterprises, Inc. ∂∂∂	Provision of services related to designing, selling and installing computer hardware and software	Philippines	100	100
Silverlake Symmetri (Thailand) Limited ∂∂∂∂	Dormant	Thailand	100	100
Silverlake Symmetri Pakistan (PVT.) Limited ∂∂∂∂∂	Provision of services related to designing, developing, engineering, promoting, exporting, marketing and selling computer related technologies, products and services	Pakistan	100	100

13. Investments in subsidiaries (cont'd)

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held 2017 %	Proportion of ownership interest held 2016 %
Held by Symmetri: (cont'd)				
Silverlake Symmetri (Czech Republic) s.r.o. ∂∂∂∂∂∂	Provision of software and consultancy in the field of hardware and software	Czech Republic	100	100
Silverlake Symmetri (Europe) Limited ∂∂∂∂∂∂∂	Dormant	United Kingdom	100	100
Silverlake Symmetri (Slovakia) spol. s.r.o. ∂∂∂∂∂∂∂∂	Trading of software and completed programs on contractual basis and business counselling in the extent of free trade	Slovakia	100	100
Representative Office of Silverlake Symmetri (Singapore) Pte. Ltd. in Hanoi	Provision of customised software solutions for banking and financial services industry	Vietnam	100	100
Silverlake Symmetri (Singapore) Pte. Ltd. (Dubai Branch)	Provision of customised software solutions for banking and financial services industry	United Arab Emirates	100	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
#####	Audited by Crowe Horwath, Vietnam
######	Audited by ANS Audit Co., Ltd., Thailand
∂	Audited by PricewaterhouseCoopers, Singapore
∂∂	Audited by SJ Grant Thornton, Malaysia
∂∂∂	Audited by PricewaterhouseCoopers, Philippines
∂∂∂∂	Audited by PricewaterhouseCoopers, Thailand
∂∂∂∂∂	Audited by Feroz Aziz & Company, Pakistan
∂∂∂∂∂∂	Audited by Společnost s ručením omezeným
∂∂∂∂∂∂∂	Audited by PricewaterhouseCoopers, London
∂∂∂∂∂∂∂∂	Audited by Ing. Helena Ivaničová, Slovakia

13. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries

Financial year ended 30 June 2016

(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 previous 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., Representative Office of Silverlake Symmetri (Singapore) Pte. Ltd. in Hanoi 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
Assets		
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 28)	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
Liabilities		
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)
Tax payable	(365,325)	(365,325)
Deferred tax liabilities (Note 28)	(792,234)	(3,481,394)
Provision for defined benefit liabilities (Note 30)	(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

13. Investments in subsidiaries (cont'd)

Acquisition of subsidiaries (cont'd)

Financial year ended 30 June 2016 (cont'd)

(a) Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri") (cont'd)

Effect of the acquisition of Symmetri Group on cash flows

	RM
Total purchase consideration transferred, settled in cash	71,369,549
Less: Cash and cash equivalents of subsidiaries acquired	(19,254,727)
Net cash outflow on acquisition	52,114,822

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 34(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 28).

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 the financial year ended 30 June 2016. If the business combination had taken place at the beginning of the financial year ended 30 June 2016, 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.

13. Investments in subsidiaries (cont'd)

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.

Contingent consideration arrangement
The purchase consideration was made up of initial 80% equity interest acquisition from a minimum of RM15,000,000 up to RM52,400,000, and call and put options on the remaining 20% equity interest in Merimen for an aggregate exercise price of up to RM19,200,000.

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 in the the previous 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.

Impairment testing of investments in subsidiaries
During the financial year, management performed an impairment test for investments in subsidiaries. Based on the assessment, impairment losses of RM31,000,000 (2016: RM4,284,000) was recognised during the financial year to write down the carrying amounts of certain investments to their recoverable amounts in the Company's statement of financial position.

14. Investments in associates

	Group	
	2017 RM	2016 RM
At beginning of the year	106,380,900	102,095,635
Disposal of shares	(58,776,808)	-
(Loss)/Gain on dilution of interest in an associate arising from:		
- Issuance of new shares pursuant to employee shares incentive plan (Note 7 and Note 5)	(248,641)	2,907,261
- Issuance of new shares to part finance the acquisition of a business and for private placements (Note 5)	18,798,722	-
Dividend received	-	(772,991)
Share of (loss)/profit for the year	(2,823,433)	2,150,995
Gain on re-measurement of interest retained in investment to fair value (Note 5)	294,787,192	-
Currency translation differences	24,103,565	-
Reclassification to available-for-sale financial assets due to cessation of significant influence (Note 20)	(382,221,497)	-
At end of the year	-	106,380,900
Comprise:		
Shares, at cost	-	90,507,538
Share of post acquisition reserves	-	15,873,362
	-	106,380,900

14. Investments in associates (cont'd)

	Company	
	2017 RM	2016 RM
Shares, at cost	21,000,000	21,000,000
Accumulated impairment losses	(21,000,000)	(20,517,600)
	-	482,400

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 2017 %	Proportion of ownership interest held 2016 %
Held by STTL:				
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
Held by the Company:				
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

14. Investments in associates (cont'd)

The Group's material investments in associates and financial information are summarised below:

	2017 RM	2016 RM
GIT	-	106,380,900
Fair value of investment in GIT *	-	1,221,325,560

* The fair value in previous financial year was derived based on Level 1 valuation input under the fair value hierachy.

(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	
	2017 RM	2016 RM
Current assets	-	461,466,168
Non-current assets	-	117,431,092
Total assets	-	578,897,260
Non-current liabilities	-	25,621,778
Current liabilities	-	48,241,741
Total liabilities	-	73,863,519
Net assets	-	505,033,741
Proportion of the Group's ownership	-	20.01%
Group's share of net assets	-	101,057,252
Goodwill on acquisition	-	5,323,648
Carrying amount of the investment	-	106,380,900

(ii) Summarised statement of comprehensive income

	GIT	
	2017 RM	2016 RM
Revenue	494,123,048	626,135,965
(Loss)/Profit for the year from operations	(17,390,366)	10,602,123
Total comprehensive (loss)/income	(17,390,366)	10,602,123

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 RM4,356,630 (2016: RM2,748,263), of which RM1,608,367 (2016: RM1,237,475) 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 RM482,400 (2016: RM747,600) 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. As at 30 June 2017, the Company's investment in associate was fully impaired.

Current financial year

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. During the financial year, the Group disposed 34,900,000 GIT shares in several block trades for a total cash consideration of RM556,968,103, resulting in gain on disposal of shares in an associate of RM480,365,471 (Note 5) recognised under "Other income" in the consolidated income statement for the financial year ended 30 June 2017.

Dilution of interest in an associate arising from issuance of shares pursuant to employee shares incentive plan
On 25 November 2016, GIT issued 2,784,000 new shares to 48 eligible employees at RMB7.66 per share under GIT's restricted employee shares incentive plan. Consequently, the Company's interest in GIT was diluted from 14.08% to 13.99%, resulting in an accounting loss on dilution of interest of RM248,641 (Note 7) recognised under "Administrative expenses" in the consolidated income statement for the financial year ended 30 June 2017.

Dilution of interest in an associate arising from issuance of new shares to part finance the acquisition of business and for private placements
On 19 December 2016, GIT issued 14,745,442 new shares at RMB15.91 per share as part consideration for its acquisition of 100% equity interest in Shanghai RuiMin Internet Technology Co Ltd. and 3,639,215 new shares at RMB15.91 per share for private placements. The Group's interest in GIT was diluted from 12.43% to 11.92%, resulting in an accounting gain on dilution of interest of RM18,798,722 (Note 5) recognised under "Other income" in the consolidated income statement for the financial year ended 30 June 2017.

Cessation of significant influence over an associate
On 29 March 2017, following the resignation of the Group's representative at GIT's Board, the Group ceased to have significant influence over GIT. As a result, the investment in GIT ceased to be equity accounted for. The management has designated the remaining interest in GIT to be an available-for-sale financial asset (Note 20) which has been re-measured at fair value, with the gain on re-measurement of RM294,787,192 (Note 5) being recognised under "Other income" in the consolidated income statement for the financial year ended 30 June 2017.

14. Investments in associates (cont'd)

Previous 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 it's 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 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 Group'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.

15. Interest in a joint venture

	Group	
	2017 RM	2016 RM
At beginning of the year	31,611,357	28,359,311
Advances to a joint venture	129,650	235,254
Share of loss for the year	(4,879,403)	(302,525)
Share of other comprehensive income	1,419	-
Currency translation differences	3,312,709	3,319,317
At end of the year	30,175,732	31,611,357
Comprise:		
Shares, at cost	139	139
Advances to a joint venture (Note 17)	36,788,222	33,345,863
Less: Allowance for impairment loss on advances to a joint venture (Note 7 and Note 17)	(5,600,000)	-
Share of post acquisition reserves	(1,012,629)	(1,734,645)
	30,175,732	31,611,357
Fair value of interest in a joint venture *	30,175,732	24,760,853

* The fair value is derived based on Level 1 valuation input under the fair value hierachy.

	Company	
	2017 RM	2016 RM
Shares, at cost	139	139
Advances to a joint venture (Note 17)	36,788,222	33,345,863
Allowance for impairment loss on advances to a joint venture (Note 17)	(6,612,000)	-
	30,176,361	33,346,002

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 2017 %	2016 %
Held by the Company:				
Silverlake HGH Limited ("SHGH") ^	Investment holding	New Zealand	51.00	51.00
Held by SHGH:				
Finzsoft Solutions Limited ("Finzsoft") ^	Computer software development, sales and support with hosting and SaaS Bureau Service	New Zealand	85.47	85.47

^ 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 2017 RM	SHGH 2016 RM
Cash and bank balances	7,571,843	1,303,788
Trade and other receivables	6,789,438	9,952,721
Current assets	14,361,281	11,256,509
Non-current assets excluding goodwill	44,842,476	40,080,310
Goodwill	45,400,601	41,224,801
Non-current assets	90,243,077	81,305,111
Total assets	104,604,358	92,561,620
Current liabilities representing total liabilities	(92,935,962)	(85,532,574)
Non-controlling interests	(11,968,719)	(8,745,087)
Net liabilities	(300,323)	(1,716,041)
Proportion of the Group's ownership	51%	51%
Group's share of net liabilities	(153,165)	(875,181)
Advances to a joint venture	36,788,222	33,345,863
Allowances for impairment loss on advances to a joint venture	(5,600,000)	-
Dilution of interest in a joint venture	(859,325)	(859,325)
Carrying amount of the investment	30,175,732	31,611,357

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	
	2017 RM	2016 RM
Revenue	41,604,834	39,188,897
Depreciation and amortisation	(6,290,606)	(4,281,915)
Interest income	86,289	8,644
Interest expense	(65,005)	(153,021)
Profit before tax	3,020,370	1,469,080
Income tax expense	(1,607,435)	(377,315)
Profit after tax	1,412,934	1,091,765
Other comprehensive income	2,782	282,915
Total comprehensive income	1,415,717	1,374,680

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 2017, the advances given by the Company to SHGH amounted to NZD11,702,950 (2016: NZD11,659,392) which is equivalent to RM36,788,222 (2016: RM33,345,863).

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, impairment losses of RM6,612,000 (2016: Nil) and RM5,600,000 (2016: Nil) was recognised during the financial year to write down the carrying amount of this investment to its recoverable amount in the Company's and Group's statement of financial position.

16. Amounts due from/(to) customers for contract work-in-progress

	Group	
	2017 RM	2016 RM
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	124,082,268	253,992,460
Provision for foreseeable losses	(2,731,950)	(2,161,114)
Progress billings	(110,084,289)	(243,085,192)
	11,266,029	8,746,154
Presented as:		
Amounts due from customers for contract work-in-progress	20,888,447	16,916,828
Amounts due to customers for contract work-in-progress	(9,622,418)	(8,170,674)
	11,266,029	8,746,154

Included in contract work-in-progress capitalised in previous financial year was employee benefits expense amounted to RM21,394 (Note 8).

17. Trade and other receivables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade receivables				
Third parties	136,655,915	169,500,145	-	-
Less: Allowance for impairment (Note 34(c))	(2,229,929)	(3,079,129)	-	-
Net trade receivables (Note 34(c))	134,425,986	166,421,016	-	-
Other receivables				
Sundry receivables	7,015,208	8,497,174	29,167	61
Deposits	3,151,464	2,926,844	-	-
	10,166,672	11,424,018	29,167	61
Total trade and other receivables	144,592,658	177,845,034	29,167	61
Trade and other receivables	144,592,658	177,845,034	29,167	61
Dividend receivables	-	-	129,290,101	24,315,200
Advances to a joint venture (Note 15)	31,188,222	33,345,863	30,176,222	33,345,863
Amount due from a subsidiary (Note 18)	-	-	-	34,902
Amounts due from related parties (Note 18)	13,693,457	43,327,704	-	-
Loan to a subsidiary (Note 19)	-	-	-	9,424,643
Cash and bank balances (Note 22)	720,708,154	225,942,723	78,941,196	38,754,126
Total loans and receivables	910,182,491	480,461,324	238,436,686	105,874,795

17. Trade and other receivables (cont'd)

Trade receivables
Trade receivables are non-interest bearing and are generally on 30 days to 45 days (2016: 30 days to 45 days) term. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

As at 30 June 2017, the Group's significant concentration of credit risk is as disclosed in Note 34(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 34(c).

Other receivables
Other receivables are unsecured, non-interest bearing and repayable on demand.

In previous financial year, included in sundry receivables of the Group was account receivable of RM3,350,772 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 fully repaid the loan given by the Group.

Other information on financial risks of trade and other receivables are disclosed in Note 34.

18. Amounts due from/(to) subsidiaries and related parties

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Amount due from a subsidiary (Note 17)	-	-	-	34,902
Amount due to a subsidiary (Note 29)	-	-	(6,857)	(17,888)
Amounts due from related parties (Note 17)				
- Trade (Note 34(c))	13,588,139	43,239,588	-	-
- Non-trade	105,318	88,116	-	-
	13,693,457	43,327,704	-	-
Amounts due to related parties (Note 29)				
- Trade	(3,473,489)	(5,233,733)	-	-
- Non-trade	(531,656)	(692,461)	-	-
	(4,005,145)	(5,926,194)	-	-

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.

Amount due to a subsidiary
The amount due to a subsidiary is 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 RM3,751,016 (2016: RM37,506,243) which carry interest at 1.0% (2016: 1.0%) per month for debts past due credit terms. The trade amounts due from related parties have a credit term of 30 days (2016: 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 32.

Other information on financial risks of amounts due from/(to) subsidiaries and related parties are disclosed in Note 34.

19. Loan to a subsidiary

The balance is 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 RM14,200,940 (2016: RM11,415,000) as the discounted estimated future cash flows of SJL's business is lower than the carrying amount of the loan. Following this impairment, the Company's loan to a subsidiary has been fully impaired during the financial year.

20. Available-for-sale financial assets - quoted equity shares

	Group	
	2017 RM	2016 RM
Shares at fair value, quoted		
Initial recognition at fair value (Note 14)	382,221,497	-
Subsequent fair value loss through other comprehensive income	(95,598,263)	-
Currency translation differences	(6,318,036)	-
At end of the year	280,305,198	-

This represents the retained equity interest in GIT (Note 14) which has been re-measured at fair value. The fair value is derived based on Level 1 valuation input under the fair value hierachy.

21. Available-for-sale financial assets - money market fund

	Group	
	2017 RM	2016 RM
Available-for-sale financial assets	2,312,790	4,729,521

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.

22. Cash and bank balances

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cash at banks and on hand	115,116,310	165,377,948	2,070,263	18,449,813
Short-term deposits with licensed banks	605,591,844	60,564,775	76,870,933	20,304,313
Cash and bank balances (Note 17)	720,708,154	225,942,723	78,941,196	38,754,126

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 (2016: 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 2017, the interest rates of short-term deposits of the Group and of the Company at the reporting date range from 0.15% to 6.00% (2016: 0.15% to 7.00%) and 0.25% to 0.86% (2016: 0.25% to 0.95%) per annum respectively.

As at 30 June 2017, short-term deposits with licensed banks of the Group amounting to RM4,236,394 (2016: RM1,228,694) 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	
	2017 RM	2016 RM
Cash and bank balances	720,708,154	225,942,723
Less: Short-term deposits with licensed banks with maturity more than 3 months	(296,192,469)	-
Less: Pledged deposits	(4,236,394)	(1,228,694)
Cash and cash equivalents	420,279,291	224,714,029

23. 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	
	2017	2016
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	
	2017	2016	2017 RM	2016 RM
At beginning of the year	2,696,472,800	2,247,543,108	191,040,654	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	2,696,472,800	191,040,654	191,040,654

In previous financial year, 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	
	2017 RM	2016 RM	2017 RM	2016 RM
At beginning of the year	229,022,558	259,269,373	1,665,580,314	1,695,827,129
Arising from:				
- Issuance of bonus shares	-	(33,557,495)	-	(33,557,495)
- Release of treasury shares pursuant to Performance Share Plan (Note d)	3,194,880	3,310,680	3,194,880	3,310,680
At end of the year	232,217,438	229,022,558	1,668,775,194	1,665,580,314

23. 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 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
At 1 July 2016	42,899,100	75,442,423
Release of treasury shares pursuant to Performance Share Plan (Note d)	(2,400,000)	(4,171,200)
Purchase of treasury shares	9,356,100	15,355,875
At 30 June 2017	49,855,200	86,627,098

Treasury shares relate to ordinary shares of the Company that are held by the Company.

During the financial year, the Company purchased 9,356,100 (2016: 42,405,100) shares pursuant to the share purchase mandate approved by shareholders on 26 October 2015 (2016: 26 October 2015). These shares were acquired by way of market acquisition for a total consideration of RM15,355,875 (2016: RM71,732,592) and are held as treasury shares by the Company.

The percentage of treasury shares over total ordinary shares net treasury shares amounts to 1.9% (2016: 1.6%).

(d) Performance share plan ("PSP")

	Group and Company Managing director RM
At 1 July 2015	5,212,658
Grant of PSP (Note 8)	8,154,596
Release of PSP	(7,527,480)
At 30 June 2016	5,839,774
At 1 July 2016	5,839,774
Grant of PSP (Note 8)	11,690,196
Release of PSP	(7,366,080)
At 30 June 2017	10,163,890

23. Share capital, share premium, treasury shares and performance share plan (cont'd)

(d) Performance share plan ("PSP") (cont'd)

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 maximum number of outstanding share awards for the remaining four-financial year performance period to financial year ending 30 June 2018 has been adjusted from 8,000,000 shares to 9,600,000 shares in previous financial year.

On 5 January 2017, 2,400,000 (2016: 2,400,000) (Note c) were released from the Company's existing treasury shares at the price of SGD0.56 (2016: SGD0.64) per share at grant date, amounted to RM7,366,080 (2016: RM7,527,480) (Note 8) to Dr. Kwong Yong Sin in recognition of his contribution to the Group for financial year ended 30 June 2016 (2016: 30 June 2015). The surplus on reissuance of treasury shares of RM3,194,880 (2016: RM3,310,680) 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 two-financial year (2016: three-financial year) performance period to financial year ending 30 June 2018. The expense on the remaining 4,800,000 (2016: 7,200,000) shares recognised in the profit or loss and performance share plan reserve account was RM4,324,116 (2016: RM627,116).

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	
Granted during financial year ended 30 June	2016	2015
Number of shares awarded	1,600,000	10,000,000
Fair value of PSP:		
Weighted average fair value of PSP (RM)	1.94	3.26
Share price at grant date (RM)	1.95	3.39
Average risk free rate (%)	1.03	1.32
Expected dividend yield (%)	3.48	4.32

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.

24. Foreign currency translation reserve, capital reserve, statutory reserve, performance share plan reserve and available-for-sale 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.

24. Foreign currency translation reserve, capital reserve, statutory reserve, performance share plan reserve and available-for-sale reserve (cont'd)

(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 23(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.

(e) Available-for-sale reserve

This represents non-distributable reserve arising from cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

The above reserves are not available for dividend distribution to shareholders.

25. Merger deficit

	Group	
	2017 RM	2016 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.

26. Loans and borrowings

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Current				
Unsecured:				
Revolving credit	88,337,362	72,239,600	88,337,362	72,239,600
Secured:				
Obligations under finance leases (Note 27)	914,600	809,833	-	-
	89,251,962	73,049,433	88,337,362	72,239,600
Non-current				
Secured:				
Obligations under finance leases (Note 27)	1,645,395	1,423,891	-	-
Total loans and borrowings (Note 29)	90,897,357	74,473,324	88,337,362	72,239,600

26. Loans and borrowings (cont'd)

Revolving credit
As at reporting date, the Company has outstanding balance of revolving credit amounting to USD9,700,000 (2016: USD12,000,000) and SGD14,990,000 (2016: SGD8,000,000), which is equivalent to RM88,337,362 (2016: RM72,239,600). This revolving credit is guaranteed by a subsidiary with an average effective interest rate of 1.94% (2015: 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) and purchased software (Note 12). The weighted average effective interest rate of the leases are disclosed in Note 27.

Overdraft facility
The Group had an overdraft facility which was secured by a charge over freehold land of a subsidiary (Note 11). The overdraft facility has been discontinued during the year. Accordingly, the freehold land pledged had been discharged during the financial year.

27. Obligations under finance leases

	Group	
	2017 RM	2016 RM
Minimum lease payments:		
Not later than one year	966,350	866,040
Later than one year but not later than five years	1,705,869	1,433,164
Later than five years but not later than seven years	9,948	50,028
	2,682,167	2,349,232
Less: Amounts representing finance charges	(122,172)	(115,508)
	2,559,995	2,233,724
The present value of the obligations under finance leases may be analysed as follows:		
Not later than one year	914,600	809,833
Later than one year but not later than five years	1,635,515	1,375,224
Later than five years but not later than seven years	9,880	48,667
	2,559,995	2,233,724
Presented as:		
Current (Note 26)	914,600	809,833
Non-current (Note 26)	1,645,395	1,423,891
	2,559,995	2,233,724

The effective interest rates of finance lease liabilities at the reporting date range from 0.83% to 5.18% (2016: 0.97% to 5.18%) per annum.

28. Deferred tax

	Group	
	2017 RM	2016 RM
At beginning of the year	12,343,574	13,375,566
Acquisition of a subsidiary (Note 13(a))	-	886,654
Recognised in income statement (Note 9):		
Provision in current year	27,927,430	(2,268,363)
(Over)/Under provision in prior financial years	(138,014)	26,665
Recognised in other comprehensive income:		
Provision in current year	(7,653,168)	127,620
Currency translation differences	378,349	195,432
At end of the year	32,858,171	12,343,574
Presented after appropriate offsetting as follows:		
Deferred tax assets	(7,347,676)	(6,656,859)
Offsetting	1,470,285	866,584
Deferred tax assets (after offsetting)	(5,877,391)	(5,790,275)
Deferred tax liabilities	40,205,847	19,000,433
Offsetting	(1,470,285)	(866,584)
Deferred tax liabilities (after offsetting)	38,735,562	18,133,849
Deferred tax	32,858,171	12,343,574

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.

28. 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	Property, plant and equipment RM	Undistributed profits of an associate and a subsidiary RM	Available-for-sale financial assets RM	Others RM	Total RM
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
At 1 July 2016	1,281,809	8,677,144	2,718,740	422,887	5,126,114	-	773,739	19,000,433
Recognised in income statement:								
Provision in current year	53,975	(1,218,326)	(222,475)	11,258	(4,975,987)	35,668,894	(176,045)	29,141,294
Under/(Over) provision in prior financial years	-	-	-	40,423	-	-	(17,616)	22,807
Recognised in other comprehensive income:								
Provision in current year	-	-	-	-	-	(8,400,824)	-	(8,400,824)
Currency translation differences	-	364,966	68,567	9,361	-	(24,753)	23,996	442,137
At 30 June 2017	1,335,784	7,823,784	2,564,832	483,929	150,127	27,243,317	604,074	40,205,847

28. 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 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)
At 1 July 2016	(2,217,483)	(516,256)	(2,965,236)	(375,220)	(582,664)	(6,656,859)
Recognised in income statement:						
Provision in current year	(355,918)	(36,172)	(535,320)	(156,314)	(130,140)	(1,213,864)
(Under)/Over provision in prior financial years	-	(149,875)	-	1,174	(12,120)	(160,821)
Recognised in other comprehensive income:						
Provision in current year	747,656	-	-	-	-	747,656
Currency translation differences	(50,923)	(11,193)	5,555	-	(7,227)	(63,788)
At 30 June 2017	(1,876,668)	(713,496)	(3,495,001)	(530,360)	(732,151)	(7,347,676)

28. Deferred tax (cont'd)

As at reporting date, the deferred tax assets have not been recognised in respect of the following items:

	Group	
	2017 RM	2016 RM
Unused tax losses	218,688,063	209,167,564
Unabsorbed capital allowances	104,379	28,375
	218,792,442	209,195,939

Tax consequences of proposed dividends

There are no income tax consequences (2016: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

Unused tax losses

Included in the unused tax losses of RM218,688,063 (2016: RM209,167,564) is tax losses in subsidiaries of RM159,514,790 (2016: RM161,517,908) 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 RM27,142,949 (2016: RM27,483,478).

Unrecognised earnings

At 30 June 2017, deferred tax liabilities of Nil (2016: RM4,664,391) and RM150,127 (2016: RM461,723) 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 and joint venture of the Group. The Group has determined that undistributed profits of other subsidiaries and joint venture will not be distributed in the foreseeable future. At reporting date, deferred tax liability on unremitted earning of other subsidiaries and joint venture amounting to RM2,802,165 (2016: RM3,447,449) has not been recognised.

29. Trade and other payables

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Trade payables:				
- Third parties	5,775,581	6,006,571	-	-
- Accrual of sub-contractor fees	7,167,275	12,382,571	-	-
Total trade payables	12,942,856	18,389,142	-	-
Other payables:				
- Sundry payables and accruals	30,369,926	26,115,448	1,872,156	3,759,359
- Allowance for unutilised leave	5,207,627	4,851,204	-	-
- Provision for value-added tax	17,757,627	-	-	-
Total other payables	53,335,180	30,966,652	1,872,156	3,759,359
Total trade and other payables	66,278,036	49,355,794	1,872,156	3,759,359
Trade and other payables	66,278,036	49,355,794	1,872,156	3,759,359
Less: Provision for value-added tax	(17,757,627)	-	-	-
Loans and borrowings (Note 26)	90,897,357	74,473,324	88,337,362	72,239,600
Amounts due to:				
- Subsidiaries (Note 18)	-	-	6,857	17,888
- Related parties (Note 18)	4,005,145	5,926,194	-	-
Total financial liabilities carried at amortised cost	143,422,911	129,755,312	90,216,375	76,016,847

Trade and other payables
These amounts are non-interest bearing. Trade payables are normally settled on 60 days (2016: 60 days) term while other payables have an average term of 6 months (2016: 6 months).

Other information on financial risks of trade and other payables are disclosed in Note 34.

30. Provision for defined benefit liabilities

The Group has defined benefit pension plans in Indonesia, Thailand and Philippines respectively, for its employees.

(a) Indonesia plan

(i) A subsidiary in Indonesia provides benefits for its employees who achieve the retirement age at 56 (2016: 56) 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 actuarist in its report dated 17 July 2017 for financial year ended 30 June 2017 and 1 July 2016 for financial year ended 30 June 2016.

The principal assumptions used in determining the employee benefits liability of the Indonesia plan are shown below:

Principal actuarial assumptions:	2017	2016
Discount rate	7.25%	8.00%
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 56

* based on Indonesian Mortality Table 3

(ii) A subsidiary in Indonesia provides benefits for its employees who achieve the retirement age at 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 actuarist in its report dated 12 July 2017 for financial year ended 30 June 2017.

The principal assumptions used in determining the employee benefits liability of the Indonesia plan are shown below:

Principal actuarial assumptions:	2017
Discount rate	8.25%
Salary increment rate	10%
Mortality rate	100% *
Disability rate	5% *
Resignation rate	5% to age 30, then decreasing linearly to 0% at age 55

* based on Indonesian Mortality Table 3

30. 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 actuarist in its report dated 10 June 2015 for financial years ended 30 June 2017 and 30 June 2016.

The principal assumptions used in determining the employee benefits liability of the Thailand plan are shown below:

Principal actuarial assumptions:	2017	2016
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

30. 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 actuarist in its report dated 23 May 2016 for financial years ended 30 June 2017 and 30 June 2016.

The principal assumptions used in determining the employee benefits liability of the Philippines plan are shown below:

Principal actuarial assumptions:	2017	2016
Discount rate	5.25%	4.42%
Salary increment rate	10%	10%
Mortality rate	The 2001 CSO Table - Generational (Scale AA, Society of Actuarists)	The 2001 CSO Table - Generational (Scale AA, Society of Actuarists)
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

30. Provision for defined benefit liabilities (cont'd)

(c) Philippines plans (cont'd)

(ii) A subsidiary, in Philippines, acquired in previous 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 actuarist in its report dated 29 June 2017 for the financial year ended 30 June 2017 and 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:	2017	2016
Discount rate	5.19%	5.58%
Salary increment rate	5%	5%
Mortality rate	The 2001 CSO Table - Generational (Scale AA, Society of Actuarists)	The 2001 CSO Table - Generational (Scale AA, Society of Actuarists)
Disability rate	0%	0%
Resignation rate	20.7% per annum for ages 19 to 24; 17.3% per annum for ages 25 to 29; 15.3% per annum for ages 30 to 34; 12.3% per annum for ages 35 to 39; 8.1% per annum for ages 40 to 44; 5.0% 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

30. 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							
	2017				2016			
	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	2,500,772	1,644,836	4,022,116	8,167,724	2,263,142	1,316,811	1,248,313	4,828,266
Acquisition of a subsidiary (Note 13(a))	-	-	-	-	-	-	4,255,739	4,255,739
Defined benefit obligation (Note 8)	746,383	148,639	633,192	1,528,214	101,800	131,290	528,372	761,462
Benefits paid	(168,405)	-	-	(168,405)	(142,804)	-	-	(142,804)
Gross amount of actuarial loss/(gain)	414,525	(179,350)	(1,865,654)	(1,630,479)	36,311	166,821	(1,662,800)	(1,459,668)
Currency translation differences	80,670	169,996	(2,291)	248,375	242,323	29,914	(347,508)	(75,271)
PVDBO as at 30 June	3,573,945	1,784,121	2,787,363	8,145,429	2,500,772	1,644,836	4,022,116	8,167,724
Analysis of funded and unfunded PVDBO								
PVDBO from plans that are wholly unfunded	3,573,945	1,784,121	2,787,363	8,145,429	2,500,772	1,644,836	4,022,116	8,167,724
Analysed as:								
Current	187,363	232,576	-	419,939	163,142	210,680	-	373,822
Non-current:								
Later than 1 year but not later than 2 years	34,125	-	-	34,125	167,317	-	-	167,317
Later than 2 years but not later than 5 years	134,540	-	-	134,540	148,927	-	-	148,927
Later than 5 years	3,217,917	1,551,545	2,787,363	7,556,825	2,021,386	1,434,156	4,022,116	7,477,658
Total non-current	3,386,582	1,551,545	2,787,363	7,725,490	2,337,630	1,434,156	4,022,116	7,793,902
	3,573,945	1,784,121	2,787,363	8,145,429	2,500,772	1,644,836	4,022,116	8,167,724

30. 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							
	2017				2016			
	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	545,382	99,813	373,815	1,019,010	310,964	89,938	393,331	794,233
Past service cost	(68,266)	-	-	(68,266)	(370,839)	-	-	(370,839)
Interest cost	269,267	48,826	259,377	577,470	161,675	41,352	135,041	338,068
Net employee benefits expense (Note 8)	746,383	148,639	633,192	1,528,214	101,800	131,290	528,372	761,462
Total amount recognised in statement of comprehensive income								
Actuarial loss/(gain) arising from changes in financial assumptions	238,124	(179,350)	(29,440)	29,334	61,116	166,821	(566,787)	(338,850)
Actuarial gain arising from changes in demographic assumptions	-	-	(2,358,473)	(2,358,473)	(37,947)	-	-	(37,947)
Actuarial loss/(gain) arising from experience adjustments	176,401	-	522,259	698,660	13,142	-	(1,096,013)	(1,082,871)
Gross amount of actuarial loss/(gain)	414,525	(179,350)	(1,865,654)	(1,630,479)	36,311	166,821	(1,662,800)	(1,459,668)
Deferred tax (Note 28)	(103,631)	(54,257)	905,544	747,656	(9,078)	(13,920)	150,618	127,620
Net amount of actuarial loss/(gain)	310,894	(233,607)	(960,110)	(882,823)	27,233	152,901	(1,512,182)	(1,332,048)
Cumulative amount of actuarial loss/(gain) recognised in statement of comprehensive income	246,500	393,599	(2,395,322)	(1,755,223)	(64,394)	627,206	(1,435,212)	(872,400)

30. Provision for defined benefit liabilities (cont'd)

Sensitivity analysis:

The sensitivity analysis below have been determined based on a method that extrapolates the impact on the defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

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
2017								
Effect on the aggregate current service cost and interest cost	(380,671)	(166,638)	(409,204)	(956,513)	445,033	199,005	494,984	1,139,022
Effect on the PVDBO as at 30 June	(380,671)	(171,803)	(397,499)	(949,973)	445,033	205,173	480,826	1,131,032
2016								
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

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
2017								
Effect on the aggregate current service cost and interest cost	428,755	202,420	462,020	1,093,195	(374,471)	(67,127)	(393,157)	(834,755)
Effect on the PVDBO as at 30 June	428,755	208,694	448,805	1,086,254	(374,471)	(69,208)	(381,912)	(825,591)
2016								
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)

30. Provision for defined benefit liabilities (cont'd)

	Indonesia Plan		Thailand Plan		Philippines Plan	
	2017 RM	2016 RM	2017 RM	2016 RM	2017 RM	2016 RM
PVDBO	3,573,945	2,500,772	1,784,121	1,644,836	2,787,363	4,022,116
Experience adjustments on plan liabilities	5,080	13,580	-	-	507,320	(868,147)

31. Dividends

	2017		2016	
	Dividend per share SGD/RM	Amount of dividend RM	Dividend per share SGD/RM	Amount of dividend RM
Declared and paid/payable during the financial year:				
Dividends on ordinary shares:				
In respect of financial year ended 30 June 2015:				
- 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
- Final dividend paid per share, tax exempt (1-tier)	0.0100 / 0.0302	79,783,984	-	-
In respect of financial year ended 30 June 2017:				
- First interim dividend paid per share, tax exempt (1-tier)	0.0050 / 0.0156	41,154,609	-	-
- Second interim dividend paid per share, tax exempt (1-tier)	0.0070 / 0.0221	58,595,061	-	-
- Third interim dividend paid per share, tax exempt (1-tier)	0.0070 / 0.0217	57,446,428	-	-
		236,980,082		257,508,843
Proposed but not recognised as a liability as at 30 June:				
Special interim dividend per share, tax exempt (1-tier)	0.0130 / 0.0406	107,339,936	-	-
Dividends on ordinary shares, subject to shareholders' approval at the AGM:				
- Final dividend	0.0030 / 0.0093	24,723,114	0.0100 / 0.0299	79,315,318
- Special dividend	0.0100 / 0.0311	82,410,378	-	-
		214,473,428		79,315,318

32. 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	
	2017 RM	2016 RM
Sale of goods and rendering of services to related parties:		
- Software licensing	19,144,690	60,834,022
- Software project services	13,432,505	5,587,381
- Maintenance and enhancement services	37,857,111	29,206,120
- Sale of hardware products	484,077	8,178,998
Service fees paid to related parties	41,943,605	68,038,588
Accounting and administrative expenses paid to related parties	1,577,987	1,759,941
Other costs reimbursed from a related party	66,125	27,661
Rentals paid to related parties	349,638	253,860
Proceeds from disposal of property, plant and equipment to a related party	684	-
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.

<u>The parent</u>
There were no transactions other than dividends paid, between the Group and Intelligentsia Holding Ltd. during the financial year (2016: Nil).

(b) Compensation of key management personnel

	Group	
	2017 RM	2016 RM
Salaries and other short-term employee benefits	14,950,204	14,971,828
Performance shares plan (Note 23(d))	11,690,196	8,154,596
Defined contribution plans	832,376	938,548
Benefits-in-kind	151,788	210,032
	27,624,564	24,275,004
Comprise amounts paid to:		
Directors of the Company	16,814,164	13,277,648
Other key management personnel	10,810,400	10,997,356
	27,624,564	24,275,004

33. 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 RM6,965,497 (2016: RM6,593,871) (Note 7).

Future minimum rental under non-cancellable operating leases at the reporting date are as follows:

	Group	
	2017 RM	2016 RM
Not later than one year	2,876,405	2,328,604
Later than one year but not later than five years	5,546,220	5,602,317
	8,422,625	7,930,921

(c) Finance lease commitments

The Group has finance leases for its intangible assets (Note 12), 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 27.

(d) Guarantees

At the reporting date, the Group has provided bank guarantees to third parties amounting to RM18,112,856 (2016: RM1,418,535). No liability is expected to arise.

At the reporting date, the Company has provided corporate guarantee to its subsidiaries amounting to RM29,291,470 (2016: RM17,457,324). No liability is expected to arise.

34. 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.

34. 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 RM883,374 (2016: RM722,396) 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
Group				
At 30 June 2017				
Trade and other payables	48,520,409	-	-	48,520,409
Amounts due to related parties (Note 18)	4,005,145	-	-	4,005,145
Revolving credit (Note 26)	88,337,362	-	-	88,337,362
Obligations under finance leases (Note 27)	966,350	1,705,869	9,948	2,682,167
	141,829,266	1,705,869	9,948	143,545,083
At 30 June 2016				
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 26)	72,239,600	-	-	72,239,600
Obligations under finance leases (Note 27)	866,040	1,433,164	50,028	2,349,232
	128,387,628	1,433,164	50,028	129,870,820

34. 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
Company				
At 30 June 2017				
Trade and other payables	1,872,156	-	-	1,872,156
Amount due to a subsidiary (Note 18)	6,857	-	-	6,857
Revolving credit (Note 26)	88,337,362	-	-	88,337,362
	90,216,375	-	-	90,216,375
At 30 June 2016				
Trade and other payables	3,759,359	-	-	3,759,359
Amount due to a subsidiary (Note 18)	17,888	-	-	17,888
Revolving credit (Note 26)	72,239,600	-	-	72,239,600
	76,016,847	-	-	76,016,847

(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.

<u>Exposure to credit risk profile</u>
As at reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 9 customers (2016: 6 customers), representing 54% (2016: 61%) of the Group's trade receivables and amounts due from related parties (trade).

34. 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:

	Group			
	2017		2016	
By geographical areas	RM	%	RM	%
South East Asia	83,680,739	57%	127,655,645	61%
North East Asia	34,481,869	23%	57,982,780	28%
South Asia	19,929,855	13%	16,425,108	8%
Middle East	5,733,259	4%	1,719,367	1%
Africa	1,293,602	1%	791,001	-*
Europe	2,894,801	2%	5,086,703	2%
	148,014,125	100%	209,660,604	100%

* Less than 1%

	Group	
	2017 RM	2016 RM
Represented by:		
Trade receivables - third parties (Note 17)	134,425,986	166,421,016
Amounts due from related parties - trade (Note 18)	13,588,139	43,239,588
	148,014,125	209,660,604

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 RM101,791,289 (2016: RM133,950,142) that are neither 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 RM86,671,048 (2016: RM120,568,459) 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	
	2017 RM	2016 RM
Past due 0 to 2 months (31 - 90 days)	28,167,954	24,705,558
Past due 2 to 5 months (91 - 180 days)	14,995,167	43,702,538
Past due over 5 months (>180 days)	43,507,927	52,160,363
	86,671,048	120,568,459

34. 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 RM28,226,615 (2016: RM24,300,583) due from HNA Group Co., Ltd. in relation to a software services agreement which are aged more than 6 months. Management expects that the outstanding balance will be recovered within the next 12 months.

(ii) amount totaling RM4,662,992 (2016: RM10,866,060) due from a customer in relation to maintenance and enhancement 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	
	2017 RM	2016 RM
Individually impaired		
Trade receivables, nominal amounts	2,229,929	3,079,129
Less: Allowance for impairment	(2,229,929)	(3,079,129)
	-	-

	Group	
	2017 RM	2016 RM
At beginning of the year	3,079,129	1,154,790
Acquisition of a subsidiary (Note 13(a))	-	2,089,065
Charge for the year (Note 7)	1,389	244,436
Reversal (Note 5)	(973,877)	(250,653)
Currency translation differences	123,288	(158,509)
At end of the year (Note 17)	2,229,929	3,079,129

(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).

34. 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), Philippine Peso (PESO) and Chinese Renminbi (RMB) 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 a reasonably possible changes in the SGD, USD, Baht, BND, IDR, Japanese Yen (JPY), New Zealand Dollar (NZD) and Chinese Renminbi (RMB) 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	
	2017 RM	2016 RM	2017 RM	2016 RM
SGD/RM				
- strengthened by 4% (2016: 7%)	3,131,304	10,000,855	4,148,016	12,723,662
- weakened by 4% (2016: 7%)	(3,131,304)	(10,000,855)	(4,148,016)	(12,723,662)
USD/RM				
- strengthened by 7% (2016: 6%)	4,193,182	3,222,591	12,186,748	11,624,181
- weakened by 7% (2016: 6%)	(4,193,182)	(3,222,591)	(12,186,748)	(11,624,181)
Baht/RM				
- strengthened by 10% (2016: 2%)	1,177,932	492,577	2,186,125	881,120
- weakened by 10% (2016: 2%)	(1,177,932)	(492,577)	(2,186,125)	(881,120)
BND/RM				
- strengthened by 4% (2016: 7%)	586,452	1,518,777	1,092,156	2,601,744
- weakened by 4% (2016: 7%)	(586,452)	(1,518,777)	(1,092,156)	(2,601,744)
IDR/RM				
- strengthened by 3% (2016: 11%)	405,537	1,483,350	715,213	2,750,668
- weakened by 3% (2016: 11%)	(405,537)	(1,483,350)	(715,213)	(2,750,668)
NZD/RM				
- strengthened by 10% (2016: 11%)	3,118,808	3,668,030	3,118,808	3,668,030
- weakened by 10% (2016: 11%)	(3,118,808)	(3,668,030)	(3,118,808)	(3,668,030)
RMB/RM				
- strengthened by 5% (2016:-*)	37,759,932	8,248	37,759,932	8,248
- weakened by 5% (2016:-*)	(37,759,932)	(8,248)	(37,759,932)	(8,248)

* Less than 1%

34. 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 a reasonably possible changes in the SGD, USD, Baht, BND, IDR, Japanese Yen (JPY), New Zealand Dollar (NZD) and Chinese Renminbi (RMB) 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	
	2017 RM	2016 RM	2017 RM	2016 RM
SGD/RM				
- strengthened by 4% (2016: 7%)	5,661,006	2,070,698	5,661,006	2,070,698
- weakened by 4% (2016: 7%)	(5,661,006)	(2,070,698)	(5,661,006)	(2,070,698)
USD/RM				
- strengthened by 7% (2016: 6%)	(1,598,016)	(2,526,727)	(1,598,016)	(2,526,727)
- weakened by 7% (2016: 6%)	1,598,016	2,526,727	1,598,016	2,526,727
JPY/RM				
- strengthened by 2% (2016: 27%)	(1,681)	2,567,830	(1,681)	2,567,830
- weakened by 2% (2016: 27%)	1,681	(2,567,830)	1,681	(2,567,830)
NZD/RM				
- strengthened by 10% (2016: 11%)	3,017,608	3,668,030	3,017,608	3,668,030
- weakened by 10% (2016: 11%)	(3,017,608)	(3,668,030)	(3,017,608)	(3,668,030)

34. 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 2017	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Philippine Peso RM	Chinese Renminbi RM	Japanese Yen RM	Thailand Baht RM	Brunei Dollar RM	Indonesia Rupiah RM	New Zealand Dollar RM	British Pound RM	European Euro RM	Others RM	Total RM
Financial assets														
Available-for-sale financial assets														
- money market fund	2,312,790	-	-	-	-	-	-	-	-	-	-	-	-	2,312,790
- quoted equity shares	-	-	-	-	280,305,198	-	-	-	-	-	-	-	-	280,305,198
Cash and bank balances	53,825,899	78,438,069	60,152,704	2,278,189	488,515,972	1,775,330	9,749,065	14,846,013	9,040,967	-	-	1,700,043	385,903	720,708,154
Trade receivables	24,945,832	38,708,161	55,216,767	79,902	2,507,454	1,559,451	4,608,341	333,609	5,426,276	-	771,923	167,644	100,626	134,425,986
Other receivables	2,739,454	1,146,344	1,814,875	1,108,291	1,627,637	837,517	314,702	48,050	74,834	-	-	333,204	121,764	10,166,672
Amounts due from related parties	1,321,821	12,351,192	2,732	-	-	-	-	17,712	-	-	-	-	-	13,693,457
Advances to a joint venture	-	-	-	-	-	-	-	-	-	31,188,222	-	-	-	31,188,222
	85,145,796	130,643,766	117,187,078	3,466,382	772,956,261	4,172,298	14,672,108	15,245,384	14,542,077	31,188,222	771,923	2,200,891	608,293	1,192,800,479
Financial liabilities														
Loans and borrowings	447,791	46,872,034	41,661,500	-	-	1,891,058	-	-	24,974	-	-	-	-	90,897,357
Trade payables	8,414,030	271,750	2,488,419	-	-	591,848	1,043,242	-	-	-	-	133,567	-	12,942,856
Other payables	8,972,020	4,323,962	13,134,552	2,586,842	17,757,627	635,111	1,768,647	205,745	999,195	139	274,387	1,266,433	1,410,520	53,335,180
Amounts due to related parties	2,105,223	893,409	-	259,008	-	288,258	80,896	378,351	-	-	-	-	-	4,005,145
	19,939,064	52,361,155	57,284,471	2,845,850	17,757,627	3,406,275	2,892,785	584,096	1,024,169	139	274,387	1,400,000	1,410,520	161,180,538
Net financial assets/ (liabilities)	65,206,732	78,282,611	59,902,607	620,532	755,198,634	766,023	11,779,323	14,661,288	13,517,908	31,188,083	497,536	800,891	(802,227)	1,031,619,941
Less:Net financial position denominated in the respective entities functional currencies	(65,068,060)	(23,953,692)	(21,617,851)	(621,942)	-	(681,960)	2,959,583	(14,789,273)	(13,725,871)	-	41,796	(727,438)	508,001	(137,676,707)
Currency exposure	138,672	54,328,919	38,284,756	(1,410)	755,198,634	84,063	14,738,906	(127,985)	(207,963)	31,188,083	539,332	73,453	(294,226)	893,943,234

34. 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 2016	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Philippine Peso RM	Chinese Renminbi RM	Japanese Yen RM	Thailand Baht RM	Brunei Dollar RM	Indonesia Rupiah RM	New Zealand Dollar RM	British Pound RM	European Euro RM	Others RM	Total RM
Financial assets														
Available-for-sale financial assets														
- money market fund	4,729,521	-	-	-	-	-	-	-	-	-	-	-	-	4,729,521
Cash and bank balances	44,969,756	69,412,820	53,458,252	2,312,741	425	1,718,718	21,280,982	20,552,682	9,025,610	-	-	2,933,856	276,881	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	-	9,363	266,214	11,489	166,421,016
Other receivables	2,211,150	1,115,052	6,281,778	350,133	-	717,473	404,720	51,112	102,561	-	27,360	136,146	26,533	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	2,062,023	4,466,893	26,704,575	21,769,564	14,015,905	33,345,863	36,723	3,336,216	314,903	485,190,845
Financial liabilities														
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	-	-	-	-	-	6,512	3,951	18,389,142
Other payables	9,435,969	6,694,996	4,476,609	3,360,203	-	1,050,905	1,550,457	72,748	438,433	139	2,578	3,480,778	402,837	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	-	3,978,446	2,075,737	72,748	530,906	139	2,578	3,487,290	406,788	129,755,312
Net financial assets/ (liabilities)	64,415,807	142,869,353	53,709,844	(1,057,504)	2,062,023	488,447	24,628,838	21,696,816	13,484,999	33,345,724	34,145	(151,074)	(91,885)	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	-	(402,607)	(24,594,781)	(21,696,816)	(13,396,117)	-	(24,782)	417,288	148,591	(181,364,260)
Currency exposure	89,630	104,109,200	33,923,634	-	2,062,023	85,840	34,057	-	88,882	33,345,724	9,363	266,214	56,706	174,071,273

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

(d) Foreign currency risk (cont'd)

The Company's currency exposure is as follows:

At 30 June 2017	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Japanese Yen RM	New Zealand Dollar RM	Total RM
Financial assets						
Cash and bank balances	169,440	59,837,281	18,850,412	84,063	-	78,941,196
Dividend receivables	-	129,290,101	-	-	-	129,290,101
Other receivables	-	29,167	-	-	-	29,167
Advances to a joint venture	-	-	-	-	30,176,222	30,176,222
	169,440	189,156,549	18,850,412	84,063	30,176,222	238,436,686
Financial liabilities						
Loans and borrowings	-	46,675,862	41,661,500	-	-	88,337,362
Other payables	905,633	948,672	17,712	-	139	1,872,156
Amount due to a subsidiary	-	6,857	-	-	-	6,857
	905,633	47,631,391	41,679,212	-	139	90,216,375
Net financial (liabilities)/assets	(736,193)	141,525,158	(22,828,800)	84,063	30,176,083	148,220,311
Less: Net financial position denominated in the functional currencies	736,193	-	-	-	-	736,193
Currency exposure	-	141,525,158	(22,828,800)	84,063	30,176,083	148,956,504
At 30 June 2016						
Financial assets						
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
Financial liabilities						
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
Amount due to a subsidiary	-	17,888	-	-	-	17,888
	765,678	26,886,685	48,364,345	-	139	76,016,847
Net financial (liabilities)/assets	(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
Currency exposure	-	29,581,398	(42,112,117)	9,510,483	33,345,724	30,325,488

34. 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:

	Fair value measurements at the end of the reporting period using			
Group	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	Total RM
Assets measured at fair value				
2017				
Financial assets:				
Current assets				
Available-for-sale financial assets				
- money market fund	-	2,312,790	-	2,312,790
- quoted equity shares	280,305,198	-	-	280,305,198
Financial assets as at 30 June 2017	280,305,198	2,312,790	-	282,617,988
2016				
Financial asset:				
Current asset				
Available-for-sale financial assets				
- money market fund	-	4,729,521	-	4,729,521
Financial asset as at 30 June 2016	-	4,729,521	-	4,729,521

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

(e) Fair values of financial instruments (cont'd)

(ii) Assets and liabilities not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The following table shows an analysis of each class of assets and liabilities not carried at fair value and whose carrying amounts are not reasonable approximation of fair value:

Group	Carrying amount (Note 27) RM	Fair value RM
Liability not measured at fair value		
2017		
Financial liability:		
Non-current liability		
Obligations under finance leases	1,645,395	1,620,969
2016		
Financial liability:		
Non-current liability		
Obligations under finance leases	1,423,891	1,390,190

(iii) 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, available-for-sale financial assets - quoted equity shares, cash and cash equivalents, other receivables, other payables, amounts due from/to subsidiaries/ related parties, loan to a subsidiary, dividend receivables 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.

  Quoted equity shares is determined by reference to their published market closing price or the quoted closing bid price at the reporting date.

- **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 22, 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 2017 (2016: Nil).

35. 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 2017 and 2016.

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 2017 is RM1,158,026,591 (2016: RM602,608,967).

The Group and its subsidiaries are not subject to any externally imposed capital requirements.

36. Segment information

For management purposes, the Group is organised into segments as follows:-

<u>Operating segments</u>

(i) Software licensing – provision of digital economy solutions to banks and corporations in banking and financial services, retail and logistics industries

(ii) Software project services – provision of software customisation and implementation services to deliver end-to-end core banking, payment and retail solutions

(iii) Maintenance and enhancement services – provision of round-the-clock software maintenance support and software enhancement services

(iv) Sale of software and hardware products – sale of software and hardware products to meet customers' software and hardware needs

(v) Credit and cards processing – provision of full scale processing of credit cards and other credit products on an outsourcing basis

(vi) Insurance processing – provision of cloud computing Software-as-a-Service collaborative platform for policy origination and insurance claim processing

<u>Non-operating segment</u>

(i) Corporate and others – comprising investment holding and corporate activities which do not constitute as separate reportable segment and which costs cannot be directly attributable to the operating segments

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.

36. 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 2017 and 2016 and assets, liabilities and other segment information regarding the Group's segments as at 30 June 2017 and 30 June 2016.

2017	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	Corporate and others RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:										
External customers	26,789,716	39,088,430	388,665,977	3,429,527	18,750,597	29,675,128	-	-		506,399,375
Inter-segment	-	-	-	-	-	-	398,619,633	(398,619,633)	A	-
Results:										
Finance income	50,756	36,607	837,937	3,902	27	4,009	3,308,400	-		4,241,638
Finance expense	(49,995)	(55,851)	(31,084)	(210)	(25,840)	-	(1,274,698)	-		(1,437,678)
Selling and distribution costs	(3,301,328)	(3,145,851)	(20,348,111)	(140,968)	(404,806)	(1,548,266)	-	-		(28,889,330)
Depreciation of property, plant and equipment	(175,219)	(308,074)	(1,894,963)	(14,838)	(1,245,936)	(347,830)	-	-		(3,986,860)
Amortisation of intangible assets	(10,230,846)	-	(832,562)	-	(1,077,823)	(2,205,400)	-	-		(14,346,631)
Share of loss of associates and a joint venture	-	-	-	-	-	-	(7,702,836)	-		(7,702,836)
Provision for foreseeable losses	-	(427,184)	-	-	-	-	-	-		(427,184)
Loss on dilution of interest in an associate arising from issuance of new shares pursuant to employee shares incentive plan	-	-	-	-	-	-	(248,641)	-		(248,641)
Gain on dilution of interest in an associate arising from issuance of new shares to part finance the acquisition of business and for private placements	-	-	-	-	-	-	18,798,722	-		18,798,722
Gain on disposal of shares in an associate	-	-	-	-	-	-	480,365,471	-		480,365,471
Gain on re-measurement of interest retained in investment to fair value	-	-	-	-	-	-	294,787,192	-		294,787,192
Other non-cash expenses/(income)	(275,981)	10,985	806,992	(17,817)	(65,125)	(448,638)	(666,616)	-	B	(656,200)
Segment profit	11,186,837	4,414,901	208,725,377	952,483	1,879,268	17,932,124	650,104,361	52,295,340	C	947,490,691
Assets:										
Interest in a joint venture	-	-	-	-	-	-	30,175,732	-		30,175,732
Capital expenditure	4,578,518	476,483	3,039,311	30,217	2,287,225	1,603,212	-	-	D	12,014,966
Segment assets	83,379,296	68,952,180	317,840,730	2,405,404	10,167,199	68,861,984	880,471,069	9,249,113	E	1,441,326,975
Segment liabilities	4,081,875	8,658,894	112,771,813	294,111	3,406,275	4,246,734	102,491,970	47,348,712	F	283,300,384

36. 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 2017 and 2016 and assets, liabilities and other segment information regarding the Group's segments as at 30 June 2017 and 30 June 2016. (cont'd)

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	Corporate and others RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
Revenue:										
External customers	127,903,481	100,133,849	346,169,980	16,728,382	20,101,583	25,245,032	-	-		636,282,307
Inter-segment	-	-	-	-	-	-	324,354,354	(324,354,354)	A	-
Results:										
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 (expenses)/income	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
Assets:										
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
Segment liabilities	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

36. 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 Inter-segment dividend is eliminated on consolidation.

B Other non-cash income/(expenses) consist of allowance for unutilised leave, allowance for defined benefits liabilities, bad debts written off, reversal of impairment/(impairment) of financial assets, gain 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 - money market fund as presented in the respective notes to the financial statements.

C The following items are eliminated on consolidation to arrive at "Profit before tax" presented in the consolidated income statement, as these items have been included in the segment profit of the corporate and others segment:

	2017 RM	2016 RM
Elimination of impairment loss in investment in an associate	482,400	747,600
Elimination of impairment loss on loan to a subsidiary	14,200,940	11,415,000
Elimination of impairment losses in investments in subsidiaries	31,000,000	4,284,000
Elimination of allowance for impairment loss on advances to a joint venture	6,612,000	-
	52,295,340	16,446,600

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 tax items are managed on a group basis and are not allocated to individual segment, and are herein added to segment assets to arrive at total assets reported in consolidated statement of financial position:

	2017 RM	2016 RM
Tax recoverable	3,371,722	1,670,392
Deferred tax assets	5,877,391	5,790,275
	9,249,113	7,460,667

F The following tax items are managed on a group basis and are not allocated to individual segment, and are herein added to segment liabilities to arrive at total liabilities reported in consolidated statement of financial position:

	2017 RM	2016 RM
Tax payable	8,613,150	10,754,073
Deferred tax liabilities	38,735,562	18,133,849
	47,348,712	28,887,922

36. 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.

	2017 RM	2016 RM
Revenue		
South East Asia	401,103,629	459,652,017
North East Asia	30,995,710	120,318,382
South Asia	31,886,750	21,123,746
Middle East	9,919,862	11,349,184
Africa	13,775,944	5,907,178
Europe	18,717,480	17,931,800
	506,399,375	636,282,307
Capital expenditure		
South East Asia	9,540,762	56,478,383
North East Asia	2,287,225	896,122
South Asia	-	114,788
Middle East	138,285	-
Europe	48,694	1,293,955
	12,014,966	58,783,248

36. Segment information (cont'd)

(b) Geographical information (cont'd)

	2017 RM	2016 RM
Segmental assets		
South East Asia	553,602,448	581,244,138
North East Asia	814,446,530	72,379,334
South Asia	22,007,191	20,793,412
Middle East	6,126,413	2,965,592
North America	5,004,494	6,556,896
Africa	3,136,390	1,166,062
Europe	6,827,777	10,265,034
	1,411,151,243	695,370,468
Investments in associates	-	106,380,900
Interest in a joint venture	30,175,732	31,611,357
	1,441,326,975	833,362,725

No other individual country contributed more than 10% of consolidated revenue and non-current assets, except for:

	2017 RM	2016 RM
Revenue		
Malaysia	186,984,160	221,599,762
Singapore	89,347,958	91,150,262
Indonesia	45,473,418	70,400,472
China	10,358,941	99,302,450
Non-current assets *		
Malaysia	93,595,238	96,271,201
Singapore	97,397,976	93,993,785

* Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

Information about major customers
No major customer (2016: one major customer) contributed more than 10% of the total Group's revenue which amounting to Nil (2016: RM87,272,508). Revenue from major customers arise from software licensing, software project services, maintenance and enhancement services and sale of software and hardware products.

37. Significant events during the financial year

(i) Disposal of shares in an associate

During the financial year, the Group disposed 34,900,000 Global InfoTech Co. Ltd ("GIT") shares in several block trades following the expiry of the Moratorium Period for its GIT shares on 1 June 2016 for a total cash consideration of RM556,968,103. As a result, an accounting gain on disposal of shares in an associate of RM480,365,471 was recognised in the consolidated income statement for the financial year ended 30 June 2017. Subsequent to the disposal, the Group's interest in GIT was reduced from 20.01% to 9.18% as at 29 March 2017.

(ii) Cessation of significant influence over an associate

On 29 March 2017, following the resignation of the Group's representative at GIT's Board, the Group ceased to have significant influence over GIT. As a result, the investment in GIT ceased to be equity accounted for. The management has determined the remaining interest in GIT to be an available-for-sale financial asset which has been re-measured at fair value, with the gain on re-measurement of RM294,787,192 recognised in the consolidated income statement for the financial year ended 30 June 2017.

38. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 20 September 2017.

Statistics of Shareholdings

AS AT 12 SEPTEMBER 2017

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	:	49,855,200
Percentage of treasury shares against total number of issued ordinary shares (excluding treasury shares)	:	1.9%
Subsidiary holdings	:	No shares issued in the share capital of the Company was held by the Company's subsidiaries.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares (excluding treasury shares)	%
1 - 99	17	0.49	495	0.00
100 - 1,000	148	4.26	94,833	0.00
1,001 - 10,000	1,543	44.47	9,277,496	0.35
10,001 - 1,000,000	1,728	49.80	89,561,442	3.39
1,000,001 AND ABOVE	34	0.98	2,547,683,334	96.26
TOTAL	3,470	100.00	2,646,617,600	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	865,136,345	32.69
2	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	461,929,400	17.45
3	INTELLIGENTSIA HOLDING LTD	411,703,614	15.56
4	RAFFLES NOMINEES (PTE) LIMITED	305,292,084	11.54
5	DB NOMINEES (SINGAPORE) PTE LTD	180,742,773	6.83
6	DBS NOMINEES (PRIVATE) LTD	83,301,165	3.15
7	CIMB SECURITIES (SINGAPORE) PTE. LTD.	70,433,182	2.66
8	SEE CHUANG THUAN OR LOI PEK KEAW	38,755,953	1.46
9	HSBC (SINGAPORE) NOMINEES PTE LTD	25,823,148	0.98
10	KWONG YONG SIN	15,372,000	0.58
11	DBSN SERVICES PTE. LTD.	13,444,726	0.51
12	PHILLIP SECURITIES PTE LTD	11,297,988	0.43
13	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,179,124	0.31
14	OCBC SECURITIES PRIVATE LIMITED	7,541,600	0.28
15	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	6,757,000	0.26
16	UOB KAY HIAN PRIVATE LIMITED	5,353,600	0.20
17	GOH BEE LAN	3,900,000	0.15
18	RHB SECURITIES SINGAPORE PTE. LTD.	3,638,400	0.14
19	KGI SECURITIES (SINGAPORE) PTE. LTD.	3,147,300	0.12
20	VOON SENG CHUAN	3,096,000	0.12
TOTAL		2,524,845,402	95.42

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company as at 12 September 2017 are as follows:

	No. of Ordinary Shares of USD0.02 each			
	Direct Interest	%	Deemed Interest	%
Intelligentsia Holding Ltd	1,701,855,043	64.30	-	-
HNA Group (International) Co. Ltd.	142,234,286	5.37	-	-
NTAsian Discovery Master Fund	132,677,900	5.01	-	-
Goh Peng Ooi	-	-	1,701,855,043	64.30

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 1,701,855,043 shares held by Intelligentsia Holding Ltd. A total of 1,290,151,429 shares held by Intelligentsia Holding Ltd. are registered in the names of nominee companies.

FREE FLOAT

As at 12 September 2017, approximately 24.55% 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 the Annual General Meeting ("AGM") of SILVERLAKE AXIS LTD will be held at Capricorn & Leo, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on 26 October 2017, Thursday 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 2017 together with the Directors' Report and Auditors' Report thereon. **Ordinary Resolution 1**

2. To declare a final and a special tax exempt 1-Tier dividend of Singapore cents 0.3 and Singapore Cents 1.0 per share respectively, for the financial year ended 30 June 2017 as recommended by the Directors. **Ordinary Resolution 2**

3. To approve the payment of Directors' Fees of S$960,000 (2017: S$960,000) for the financial year ending 30 June 2018, to be paid quarterly in arrears. **Ordinary Resolution 3**

4. To re-elect Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid, who is retiring under Bye-law 86(1) of the Company's Bye-laws, as Director of the company. **Ordinary Resolution 4**

   [See Explanatory Note (i)]

5. To re-elect Ms. Goh Shiou Ling, who is retiring under Bye-law 86(1) of the Company's Bye-laws, as Director of the company. **Ordinary Resolution 5**

   [See Explanatory Note (ii)]

6. To re-appoint Messrs Ernst & Young, as auditors of the Company and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments):

8. **PROPOSED AMENDMENTS TO THE BYE-LAWS** **Special Resolution 7**

   That the proposed amendments to the Bye-laws of the Company, in the manner and to the extent as set out in the Appendix A to the letter to Shareholders dated 4 October 2017 ("**Letter**"), be approved and adopted.

   [See Explanatory Note (iii)]

9. **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL** **Ordinary Resolution 8**

   (a) that approval be given for the Company to increase its authorised share capital from US$60,000,000 comprising 3,000,000,000 Shares of par value US$0.02 each to US$100,000,000 comprising 5,000,000,000 Shares of par value US$0.02 each by the creation of an additional 2,000,000,000 new Shares of par value US$0.02 each; and

   (b) that the directors of the Company or any of them be authorised to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient for the purposes of and to give effect to this resolution, as they or he may think fit and in the interests of the Company.

   [See Explanatory Note (iv)]

10. **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES** **Ordinary Resolution 9**

"That pursuant to the 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 shares in 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,

(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 to be issued pursuant to this Resolution (including shares issued pursuant to any Instruments, made or granted pursuant to this Resolution) shall be limited as follows:

(A) for issuance made by way of a renounceable rights issue on a pro rata basis to shareholders of the Company ("**Renounceable Rights Issue**"), the aggregate number of shares shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below); and

(B) for issuance made otherwise than by way of a Renounceable Rights Issue ("Other Share Issues"), the aggregate number of shares 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 (3) 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 (3) below);

(2) the aggregate number of shares issued pursuant to the Renounceable Rights Issues and the Other Share Issues shall not exceed one hundred per centum (100%) of the total number of issue shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (3) below;

(3) 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)(A) and (1)(B) 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;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the rules, measures, guidelines, practice notes, and other materials issued by the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), in particular the SGX-ST Listing Manual and SGX-ST Practice Note 8.3, and the Company's Bye-laws for the time being; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (v)]

11. **AUTHORITY TO GRANT AWARDS AND TO ALLOT AND ISSUE SHARES UNDER SILVERLAKE AXIS LTD PERFORMANCE SHARE PLAN 2010** **Ordinary Resolution 10**

"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 Silverlake Axis Ltd Performance Share Plan (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 (vi)]

12. **RENEWAL OF SHARE PURCHASE MANDATE** **Ordinary Resolution 11**

"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 ordinary shares in the capital of the Company ("**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) on-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 earliest of:

    (i) the date on which the next Annual General Meeting 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;

(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;

"**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 (vii)]

13. **RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS** **Ordinary Resolution 12**

"THAT:

(i) 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**");

(ii) the General Mandate shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company;

(iii) 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

(iv) 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 Note (viii)]

BY ORDER OF THE BOARD

Tan Min-Li
Hoong Lai Ling
Joint Company Secretaries
Singapore

Date: 4 October 2017

Explanatory Notes:

(i) If re-elected under Resolution 4 above, Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid will remain as an Independent Director of the Company, member of the Audit and Nominating Committees. 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 Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid and the other Directors, the Company, or its 10% shareholders (as defined in the Code). Detailed information on Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid can be found at page 12 of the Annual Report.

(ii) If re-elected under Resolution 5 above, Ms. Goh Shiou Ling will remain as a Non-Executive and Non-Independent Director of the Company and a member of Nominating Committee. Ms. Goh Shiou Ling is the daughter of Mr. Goh Peng Ooi who is the Group Executive Chairman and substantial shareholder of the Company. Save as disclosed herein, there is no relationship including immediate family relationships between Ms. Goh Shiou Ling and the other Directors, the Company, or its 10% shareholders (as defined in the Code). The detailed information of Ms. Goh Shiou Ling can be found at page 13 of the Annual Report.

(iii) Please refer to the Letter for more details on the Proposed Amendments to the Bye-laws of the Company.

(iv) Please refer to the Letter for more details on the Proposed Increase in the Authorised Share Capital of the Company.

(v) Resolution 9 above, if passed, will empower the Directors of the Company, effective 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 or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares and make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding (i) 100% of the total number of issued shares for Renounceable Rights Issues ("**Enhanced Rights Issue Limit**") and (ii) 50% of the total number of issued shares for Other Share Issues, 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 20% of the total number of issued shares, provided that the total number of shares that may be issued pursuant to (i) and (ii) shall not exceed 100% of the issued shares (excluding treasury shares) in the capital of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company.

The authority for the Enhanced Rights Issue Limit is proposed pursuant to SGX-ST Practice Note 8.3 which became effective on 13 March 2017 until 31 December 2018 by which date the shares issued pursuant to the Enhanced Rights Issue Limit must be listed. The Enhanced Rights Issue Limit is aimed at helping companies finance their business needs. The use of the Enhanced Rights Issue Limit is subject to certain conditions, including the condition that the Company complies with applicable legal requirements in the Singapore Companies Act requiring the Company to seek shareholders' approval, and disclosure requirements under the Listing Manual on the use of the proceeds.

The Board is of the view that the Enhanced Rights Issue limit is in the interests of the Company and its shareholders as this provides flexibility to the Company to undertake future corporate fundraising exercises in an expeditious manner, as and when the need arises, without the need to convene a Special General Meeting.

The Enhanced Rights Issue Limit will be exercised only if the Directors believe that to do so would be likely to promote the success of the Company for the benefit of shareholders as a whole.

Subject to the provisos in Ordinary Resolution 9, the Directors may issue shares notwithstanding that authority pursuant to Ordinary Resolution 9 has ceased to be in force if the shares are issued in pursuance of an offer, agreement or option made or granted by the Directors while the authority pursuant to this Resolution was in force and if such offer, agreement or option which would or might require shares to be issued after the expiration of the authority.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(vi) Resolution 10 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.

(vii) Resolution 11 proposed above, if passed, will be effective until the next Annual General Meeting, 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 in relation to the Proposed Renewal of Share Purchase Mandate.

(viii) Please refer to the Letter for more details in relation to the Proposed Renewal of Interested Persons Transactions General Mandate.

Notes:

(i) A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than 2 proxies to attend, speak and vote in his stead.

(ii) Where a member appoints 2 proxies, the appointments shall be invalid unless the member 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 member 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 Annual General Meeting.

(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) The Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited as at 48 hours before the time appointed for holding the Annual General Meeting in order for the Depositor to be entitled to attend and vote at the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member'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 Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (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 member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member 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 member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PAPERS USED

In line with Silverlake Axis' continuing efforts to promote environmental sustainability, the papers used in this Annual Report are made from chlorine-free recycled and virgin pulps.

Cover – Antartic Snow Cambric, 280gsm
Review pages – Satimat Green, 135gsm
Financial pages – Green Forest, 100 gsm

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silverlake
SYMMETRY AT WORK

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