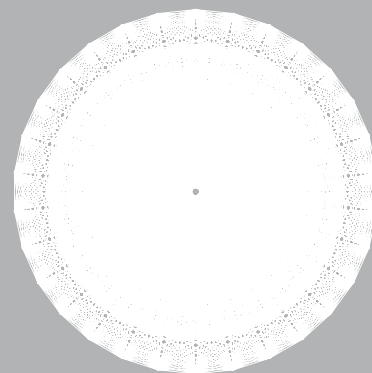


This year's design illustrates the Company's commitment to deliver & sustain long-term economic growth, while being socially and environmentally responsible. The "page-to-page continuous" design represents our journey in sustainability matters that shape the Company - Our Business, Our People and Our Stewardship.

DESIGN CONCEPT for this year's Annual Report

$E_8$



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)*

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# Corporate Information

## BOARD OF DIRECTORS

### **GOH PENG OOI**

Group Executive Chairman

### **DR. KWONG YONG SIN**

Group Managing Director

### **GOH SHIOU LING**

Executive Director

### **ONG KIAN MIN**

Lead Independent Director

### **PROFESSOR TAN SRI DATO'**

### **DR. LIN SEE YAN**

Independent Non-Executive Director

### **LIM KOK MIN**

Independent Non-Executive Director

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

Independent Non-Executive Director

### **DATUK YVONNE CHIA**

Independent Non-Executive Director

### **SEE CHUANG THUAN**

Independent Non-Executive Director

### **VOON SENG CHUAN**

Independent 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  
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  
Priscilla Tan

## 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

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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

## MARKET SIZE

Over 40% of the top 20 largest banks in South East Asia use Silverlake Axis' core banking solutions

## TRACK RECORD

29 years of successful implementation of enterprise core software applications with 100% success rate

## GLOBAL PRESENCE

Partnering clients in over 30 countries around ASEAN, Africa, Australia, Central Europe, China, Japan, Middle East, New Zealand and South Asia

## OUR CLIENTS

Core system platform partner of choice for 3 of the 5 largest ASEAN super regional financial institutions. Over 300 customers using the Group's software solutions and services.

A leading enterprise technology, software and services company in the high growth Asia Pacific Region

# 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 2018.

## REVIEW OF FY2018

In reviewing our performance for FY2018 and comparing it to FY2017, two items are noteworthy. First, in FY2017, we reduced our shareholding in Global InfoTech Co. Ltd. ("GIT") from 20.01% to 9.24% and in the process recorded a net gain of RM709 million that year. In FY2018, we sold a modest amount of 4.5 million GIT shares but instead booked a net loss of RM6 million as the value of our GIT shares have been marked to market since the end FY2017. The FY2018 GIT transaction provided us with a cash inflow and at end FY2018, we still own 8.30% of GIT. Any subsequent disposal of GIT shares would depend on market conditions.

The second difference in FY2018 is the improvement in business sentiments among financial institutions. After being cautious in FY2016 and most of FY2017, some financial institutions in the region have increased their capital expenditure on IT in FY2018. We benefited from this trend and secured two core banking contracts from ASEAN banks in April 2018. These were followed by another contract from a Hong Kong financial institution in May 2018 to assist in the digital transformation of their credit card and lending businesses. Although these three contracts resulted in the more than doubling of our project related order book towards the end of FY2018, they had negligible contributions to FY2018 group revenue with our June year end, as a period of some weeks was required for the mobilisation of these contracts.

The improvement in business sentiments among financial institutions was evident in our performance in the second half of FY2018. Although our group revenue and gross profit for FY2018 were virtually flat over FY2017, group revenue and gross profit for Q4 FY2018 were up by 6% and 22% respectively over the corresponding quarter last year. To make any comparison meaningful, we should eliminate the distortion created by the sale of GIT shares from the results of FY2017 and FY2018. By making this adjustment, our net profit attributable to shareholders for FY2018 would only have been 10% lower than FY2017.

From the sale of GIT shares in FY2017 and FY2018, we have received a total cash inflow of RM532 million. From this amount, we have paid four special dividends with a fifth being declared for approval at the upcoming AGM. The five special dividends totalled Singapore 4.1 cents per share or the approximate equivalent of RM330 million is about 62% of the total cash inflow from GIT shares sale. Other uses of the share sale proceeds are share buybacks and acquisitions. In FY2018, we continued to maintain a high dividend payout of about 70% of our reported profits through our four quarterly dividends.

## SUSTAINABILITY MATTERS

Silverlake Axis, as a Group, is committed to creating long-term sustainable value for all our stakeholders and we are proud to present our inaugural sustainability report this year. Three key pillars - Our Business, Our People and Our Stewardship - guide our sustainability direction and we have integrated these sustainability considerations into all our business decisions. Our commitment to sustainability extends to communities and the environment where we operate. In FY2018, we embarked on our group-wide community programme, 'Coding as a Life Skill', across four countries in ASEAN to stimulate the next generation's interest in technology.

Sustainability is an on-going journey and we are committed to enhancing and refining our efforts to be socially and environmentally sustainable, in addition to having strong economic performance.

## THE DIGITAL EXPANSION

FY2018 was an eventful year for our digital businesses from our wholly-owned subsidiaries. Merimen, an insurtech market leader in providing collaborative and information exchange platform for the insurance industry, continues to expand its Artificial Intelligence (AI) - based analytics Software-as-a-Service (SaaS) offerings for insurers. Cyber Village, which specialises on digital transformation and fintech solutions, was the "2018 IBM Asia Pacific Geography Excellence Award" winner for their innovative 'Wages To Wallet' solution for a leading niche consumer and small medium enterprise bank which leveraged on facial biometric recognition for Electronic Know-Your-Customer (eKYC) to perform mass mobile customers onboarding. In addition, QR Retail Automation's venture into innovative cloud-based retail automation solutions bore fruit when Metro Singapore selected its QR Cloud solution.

One of the biggest disruptions of financial services by Fintech is happening at the level of customer on-boarding, engagement and interaction. Traditionally consumer banking services are delivered through the branch network and automated teller network but in recent years, new digital technologies have empowered both financial institutions and the consumers to revolutionise retail banking by "doing more with a smaller branch network". A wide array of new digital technologies have been launched to address a large spectrum of banking and emerging digital services. In this rapidly evolving space, some technologies will be widely adopted while many others will fail to scale. At Silverlake Axis, our approach to digital technologies is a two-pronged strategy involving strengthening our core solution capabilities coupled with acquisitions of digital technologies with proven adoptions by customers. Our digital initiatives are highly complementary to our traditional strengths in core business capabilities.

On 18 April 2018, we expanded our digital capabilities when we completed the acquisition of Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd., profitable companies with proven digital technologies and a customer base. Some of these newly acquired digital technologies,

together with existing capabilities, will be deployed in the new contracts secured in April and May this year, in addition to the roll out of core banking software in two of the contracts. In July 2018, Silverlake Digital Economy Sdn. Bhd. was one of the recipients of the prestigious Asian Banker Financial Technology Innovation Awards 2018. The award ceremony was held in conjunction with the Asian Banker Future of Finance Summit 2018, a leading annual forum for decision-makers in the Asia Pacific financial services industry.

Since 2003 we have continuously delivered positive earnings growth under the Price Earnings (PE) centric model. However, in view of our significant digital assets holdings and digital transformation capabilities, we will fast forward our businesses to a 'Gross Digital Value (GDV)' centric model. This transformation from the PE to GDV centric model is our strategy to realise the large-scale potential and deliver significant expansion of shareholder value in the global digital economy.

## PROSPECTS

We expect some of the positive business sentiments in the financial services industry to continue in FY2019. By executing our order book of projects, we should be able to record a significant growth in project related revenue this year. We aim to secure additional projects from the pipeline that is currently under discussion. On the broader economy, we are mindful of the potential headwinds that can be created from an expansion of trade tariffs and will continue to monitor and prepare to respond to these developments in a timely manner.

## A WORD OF THANKS

On behalf of the Board, I would like to thank our management and staff for working closely with existing and new customers to secure numerous core renewal and digital transformation projects in FY2018, a year of recovery. I am aware that they continue to actively respond to new enquiries and requests for proposals as they seek to secure additional digital economy projects. To changes at the Board level, I bid farewell to Datuk Sulaiman bin Daud and I welcome Mr. See Chuang Thuan and Mr. Voon Seng Chuan to the Board. I would like to record my appreciation to Datuk Sulaiman for his 15 years of service and I wish him all the best in his future endeavours. As always, my fellow directors have provided wise counsel as we deliberated on matters of the Group and I thank them. And I remain grateful to our customers, shareholders, business associates and bankers for their support and encouragement.

**Goh Peng Ooi**  
Group Executive Chairman  
28 September 2018

# Synergy of Software and Services

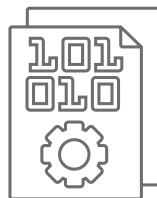


## Software Licensing

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, Africa, Australia, Central Europe, Middle East, and New Zealand.

## 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 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.



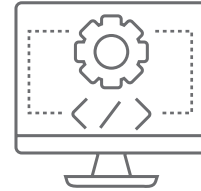
## Software Project Services

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



## 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 **Software and Hardware 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.



# Merger & Acquisitions



Silverlake Digital Economy (SDE) offers banking-as-a-service capabilities and provides a one-stop solution for banks seeking to transform from a traditional operating model to a digital operating model and to help them better compete against new Fintech competitors with lower cost-to-income ratios. The "Silverlake Fintech Banking Platform", which is compatible with the Group's Silverlake Axis Integrated Banking Solutions (SIBS) and other third party core-banking software, addresses the conventional and the Sharia-banking market with a Sharia-compliant fulfilling module and is able to help banks automate and digitise their customer-onboarding and Sharia financing origination processes.



Silverlake Digitale (SDS) owns "IntelliSuite" - a suite of payments solution-related software modules and components that provides financial institutions and emerging non-bank payments providers with faster and more innovative solutions across the consumer/retail and wholesale/corporate payments spectrum. SDS's end-customers include some well-known banks in Malaysia.



Silverlake One Paradigm's (SOP) "NowSuite" is a suite of agile rules-based applications and tools that is designed to add value to core systems, including the Group's SIBS, SDS's core payments modules as well as core systems from other third parties, in both banking and non-banking sector. The NowSuite solutions help organisations manage and enhance their real-time customer engagement processes. Both SDS and SOP work closely with each other in connection with their respective operations and the delivery of their respective solutions and services to their customers.

“ The digital capabilities of these entities are synergistic with the Group's vision and existing suite of digital economy offerings. Their addition will strengthen our position as the innovation accelerator in the rapidly changing financial services ecosystem. ”

DR. KWONG YONG SIN  
Group Managing Director

In April 2018, the Group acquired three Silverlake Private Entities ("SPEs") companies to strengthen its position as Fintech Innovation Accelerator. Recognising the inevitable rise of digital economy, the Group embarked on a journey to transform itself from a software provider to an innovation accelerator by making a number of strategic acquisitions over the past 7 years to enhance its digital economy offerings.

# 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%	Cyber Village Sdn. Bhd.	100%
Affinities Village Sdn. Bhd.	100%		
Silverlake Adaptive Applications & Continuous Improvement Services Ltd.	100%	Silverlake Investment Ltd.	100%
Silverlake Holdings Sdn. Bhd.	100%	Silverlake Digital Economy Sdn. Bhd.	100%
Silverlake Axis MSC Sdn. Bhd.	100%	Silverlake Digitale Sdn. Bhd.	100%
		Silverlake One Paradigm Sdn. Bhd.	100%
Silverlake Solutions Ltd.	100%		
Silverlake Structured Services Sdn. Bhd.	100%	Silverlake Symmetri (Singapore) Pte. Ltd.	100%
Silverlakegroup Pte. Ltd.	100%	Silverlake Symmetri (Malaysia) Sdn. Bhd.	100%
Silverlakegroup Pte. Ltd. (Philippines branch)	100%	Silverlake Symmetri (Philippines) Enterprises, Inc.	100%
Silverlake Structured Services Ltd.	100%	Silverlake Symmetri (Thailand) Limited	100%
PT Structured Services	100%	Silverlake Symmetri Pakistan (PVT.) Limited	100%
Silverlake Sistem Sdn. Bhd.	100%	Silverlake Symmetri (Czech Republic) s.r.o.	100%
		Silverlake Symmetri (Europe) Limited	100%
Symmetric Payments & Integration Holdings Pte. Ltd.	100%	Silverlake Symmetri (Slovakia) spol. s.r.o.	100%
Symmetric Payments & Integration Pte. Ltd.	100%	Representative Office of Silverlake Symmetri (Singapore) Pte. Ltd. in Hanoi	100%
Symmetric Payments & Integration Sdn. Bhd.	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%
Merimen Technologies (Malaysia) Sdn. Bhd.	100%
Merimen Automotive Group Sdn. Bhd.	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%
		QR Agoracloud Sdn. Bhd. <sup>(1)</sup>	100%

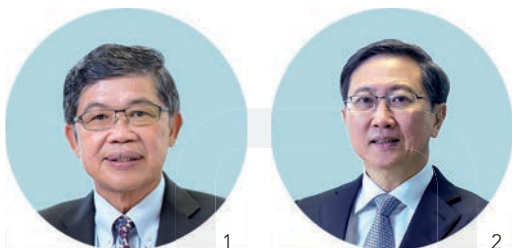
### INVESTMENT • Strategic holdings

Silver Team Technology Limited	100%	Silverlake HGH Limited	51%
Global InfoTech Co. Ltd. <sup>(2)</sup>	8.30%	Finzsoft Solutions Limited <sup>(2)</sup>	85.47%
ePetrol Silverswitch Sdn. Bhd.	24.50%		

<sup>(1)</sup> Incorporated on 27 July 2018

<sup>(2)</sup> Public listed company

# Board of Directors



1



2



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10

## 1 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 large customers who are located in approximately over 50 countries across all continents. The group has earned many industry recognitions since its inception including the IBM 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).

Personally, 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, he was conferred the prestigious Legacy Award. The Legacy Awards recognises ASEAN entrepreneurs that have created positive impact and inspiration within ASEAN communities. In a 2015 article about Silverlake, Forbes referred to Mr. Goh as the first tech-billionaire in Malaysia.

Aside from his business and 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 his Sigma Scheme, a new Time-Space view versus physics' Space-Time, and with that clarity, built a high-tech enterprise based on that mathematical scheme.

Mr. Goh is a Fellow of the Academy of Sciences Malaysia (ASM), an Industry Advisor of the Lee Kong Chian Faculty of Engineering and Science in Universiti Tunku Abdul Rahman, 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, a Member of the Board of Governors of First City University College, the Advisor to the Japan Graduates Association of Malaysia (JAGAM), and a member of the International Advisory Council of the Association of Malaysian Economics Undergraduate.

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

## Board of Directors (cont'd)

### 2 DR. KWONG YONG SIN

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 37 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.

### 3 GOH SHIOU LING

Executive Director

*First appointment as a director: 1 June 2015*

*Last re-election as a director: 26 October 2017*

Ms. Goh was appointed as Executive Director on 1 April 2018, leading Silverlake Axis' strategic acquisitions and investments team to contribute to the growth and value creation of the Company. Prior to that, she was Non-Executive Director.

Ms. Goh's early career started at Cornerstone Research, a leading U.S. based economic consulting firm that provides analytical support and expert testimony in complex litigation and regulatory proceedings. While being based in United States as their economic consultant, Ms. Goh was responsible to analyse 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. These analysis 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.

In 2014, Ms. Goh returned to Malaysia after spending 12 years in the United States and joined the Silverlake Private Entities. Here, she was responsible for evaluating investment opportunities and led several corporate initiatives, including corporate restructuring and financing, that focused on growth and value creation in the Silverlake Private Entities.

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

She is a Non-Executive Director for several privately held companies and does not hold any directorships in other listed companies.

### 4 ONG KIAN MIN

Lead Independent Director

Chairman of Audit and Risk Committee

Chairman of Nominating Committee

Member of Remuneration Committee

*First appointment as a director: 9 January 2003*

*Appointment as lead independent director: 1 July 2018*

*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 a Non-Executive Chairman of Hupsteel Limited and independent Non-Executive Director of GMG Global Ltd, Jaya Holdings Limited and LANKom Electronics Limited.

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 independent Non-Executive Director of BreadTalk Group Limited, Food Empire Holdings Limited, OUE Hospitality REIT Management Pte. Ltd. and Penguin International Ltd.



## Board of Directors (cont'd)

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

Independent Non-Executive Director  
Chairman of Strategic Investment Committee  
Member of Nominating Committee

*First appointment as a director: 9 January 2003*

*Last re-election as a director: 26 October 2015*

*Due for re-election as a director: 26 October 2018*

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 key Ministry of Higher Education Committees

### 6 LIM KOK MIN

Independent Non-Executive Director  
Member of Audit and Risk 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*

*Due for re-election as a director: 26 October 2018*

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 Co-operative, Vice Chairman of the Singapore Institute of Management and of the "Agri-food and

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

Independent Non-Executive Director  
Chairman of Remuneration Committee  
Member of Audit and Risk Committee

*First appointment as a director: 1 June 2015*

*Last 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 Pertanlian 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 1997-1998. He was the

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 19 years President, Harvard Club of Malaysia. He is also Pro-Chancellor & Research Professor at Sunway University, Pro-Chancellor of Universiti Teknologi Malaysia, and Professor of Economics (Adjunct) at Universiti Utara. 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.

Veterinary Authority". 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 and its Remuneration Committees and a member of its Audit and Risk Committee. He sits on the boards of three private companies and holds chairmanship in one of these private companies. He is also an industrial advisor to a European Private Equity Fund.

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 is a Fellow Chartered Banker of the Asian Institute of Chartered Bankers.

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. Tan Sri Dr. Munir is an associate of Southeast Asia Centre (SEAC) at LSE.

## Board of Directors (cont'd)

### 8 DATUK YVONNE CHIA

Independent Non-Executive Director  
Member of Audit and Risk Committee  
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*  
*Due for re-election as a director: 26 October 2018*

Datuk Yvonne Chia has more than 35 years experience in the financial services industry, having held leading positions in foreign and local institutions. She is a trailblazer for women in banking and was the first female Chief Executive Officer of any commercial bank in Malaysia. An award winning senior banker, she was named among the '50 business women in the mix' in 2013 by Forbes Asia and two-time finalist in the CNBC Asia Business Leader Award.

She has held various positions in the region with an American Bank for over 15 years and then joined the Malaysian banking scene in 1994. Until June 2013, she was the Group Managing Director of Hong Leong

Banking Group Malaysia (2003 - 2013); Group Managing Director of RHB Banking Group (1996 - 2002) and led both banks expansion to be leading and high performing banks in Malaysia and the Region. She has played a distinctive role in shaping the Malaysian banking scene with the mergers and acquisitions she led. She was previously a Non-Executive Independent Director of Hengyuan Refining Company Berhad until June 2017.

She is currently the Independent Non-Executive Chairman of Standard Chartered Bank Malaysia Berhad, an Independent Non-Executive Director of Standard Chartered Saadiq Berhad and Astro Malaysia Holdings Berhad. She has also been appointed to the Board of Trustees for PEMANDU Corporation in July 2014 and for Teach For Malaysia Foundation in May 2015, and remains to-date. As well, she is a Council Member of the Asian Institute of Chartered Bankers ("AICB"). She was conferred as a Fellow Chartered Banker of AICB in November 2015.

Datuk Yvonne Chia has a Bachelor of Economics from the University of Malaya.

### 9 SEE CHUANG THUAN

Independent Non-Executive Director  
Member of Strategic Investment Committee

*First appointment as a director: 1 July 2018*  
*Due for re-election as a director: 26 October 2018*

Mr. See has 36 years of experience in the IT industry. After graduation, Mr. See spent the first 16 years of his career with IBM Malaysia. From his time at IBM, his roles encompassed a wide variety of skills, from Strategic IT Consulting, General Management, Sales and Marketing Management. He also acquired deep and broad knowledge of IT applications across many industries and in-depth expertise in manufacturing distribution and retail business processes.

In the early 1990s, Mr. See pioneered the introduction of Electronic Data Interchange (EDI) in Malaysia's manufacturing, distribution and retail industry and led the establishment of an IBM EDI joint venture company in 1992 where he served as its General Manager. In 1994, he was appointed Executive Director of QR Retail Automation (Asia) Sdn. Bhd. where he was responsible for growing the business with leading retailers in the Asia Pacific and UK. In 2003, Mr. See moved on to become QR Retail Automation's Managing Director, whereby he was instrumental in the repositioning the company's retail solution for higher segment global retailers. He remained as Managing Director until 2013.

Mr. See graduated with a Bachelor of Science (Honours) in Mathematics from the University of Malaya in 1978.

### 10 VOON SENG CHUAN

Independent Non-Executive Director  
Member of Strategic Investment Committee

*First appointment as a director: 1 July 2018*  
*Due for re-election as a director: 26 October 2018*

Mr. Voon has been part of the IT Industry for over three decades. With 27 years of service at IBM, he has held multiple leadership roles to deliver all aspects of IBM products and services for clients in numerous industry segments in Asia Pacific region. From 2000 to 2006, Mr. Voon was the Managing Director for IBM Malaysia and Brunei. Under his leadership, IBM was at the forefront of bringing the vision of e-business, on demand business and innovation to the country. He also led IBM's investment to develop international shared services and outsourcing hub in seven regional centers/operations in Malaysia. In 2007, Mr. Voon embarked on 2 special organisation restructuring projects for IBM. He led the successful reorganisation of the existing ASEAN/South Asia regional headquarter into two independent regions of ASEAN and India/South Asia.

Mr. Voon served as Director for Mid-Market of IBM in the Asia Pacific region from 2007 to 2010 and was responsible for a US\$2 billion business leading teams from ibm.com, business partners operations, marketing, product and services divisions to provide solutions to the Mid-Market segment. Marking his 25 years of service in IBM, he joined the IBM Quarter Century Club. Mr. Voon retired from IBM in March 2010. In 2013, Mr. Voon was recognised with the "Outsourcing Leader of the Year" award by Outsourcing Malaysia. He was also a Council Member of PIKOM (National ICT Association of Malaysia) in 1994/1995 and 1999/2000.

Currently, Mr. Voon sits on the Boards of public listed companies including AMMB Holdings Berhad and Mesiniaga Berhad and private companies including AmBank (M) Berhad and Corporate Learning Consortium Sdn. Bhd. He also acts as Advisor to Jewel Paymentech Pte Ltd.

Mr. Voon has a Bachelor of Science (Honours) degree in Mathematics from the University of Malaya.

# Management Team



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**1 ANDREW TAN TEIK WEI**  
Managing Director, Core Banking

Mr. Tan joined the Group in April 2018 and is responsible to grow and enhance the Group's core banking business. His career spans over 35 years where he held senior positions in the Big 4 professional services firms and in a number of multinational IT companies, serving clients in various industries – predominantly in financial services and in industrial/retail, telecommunications, energy and the public sector. Prior to joining the Group, Mr. Tan was Managing Director for SAS Malaysia. He was previously Managing Partner for Deloitte Consulting in Central Asia, Managing Partner for BearingPoint Inc. ASEAN and Managing Partner for Arthur Andersen Business Consulting ASEAN. Mr. Tan graduated in Exeter University, UK with a combined honors degree in Geology and Chemistry. He has a MBA from the University of Aston in Birmingham.



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**4 WONG YOK KOON**  
Senior EVP, SIBS Core Solutions

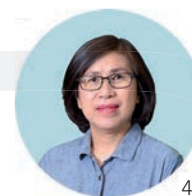
As one of the Group's pioneer employees, Ms. Wong has been invaluable in driving the growth of the Group's core banking solutions portfolio. With over 29 years of experience, she is responsible for the core product development of Silverlake Axis Integrated Banking Solution (SIBS), particularly in cards and payments. She continues to work with customers in their digital economy transformation and assists their deployment at major local and regional financial institutions.



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**5 FABIAN LUM WAI KIT**  
Senior EVP, Digital Financial Services

Mr. Lum has 21 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 Master of Business Administration and a Bachelor's degree in Economics and Mass Communication from the National University of Singapore.



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**2 LIM EP BAN**  
Chief Executive Officer, Silverlake Digitale & Silverlake One Paradigm

Mr. Lim is responsible for the overall strategy, operations, and performance of Silverlake Digitale and Silverlake One Paradigm. Both companies were acquired in April 2018. He has over 30 years of experience in information technology. Mr. Lim has managed and implemented more than 50 core banking, payments and provident fund projects including large-scale transformation programmes for banks and financial institutions in the region. Prior to joining Silverlake Private Entities in 1993, he spent 8 years working as a technical consultant for several firms in the United States. Mr. Lim holds a Master of Science Degree in Management Information Systems and a Bachelor of Science Degree (High Honors) in Business Administration from Southern Illinois University.

**6 PRISCILLA TAN**  
Senior EVP, Administration and Finance

Ms. Tan took over the responsibility of the overall financial management of the Group from her predecessor with effect from 1 October 2018. Ms. Tan has over 19 years of experience in Finance. She has about 10 years of experience in assurance department in accounting firms and left PwC as Senior Manager. Ms. Tan then joined the Malaysian Institute of Accountants (MIA) under the Professional Standards & Practices division. She joined the Group in 2010 and was instrumental in establishing and overseeing the finance function of the newly acquired Silverlake Solutions Ltd Group. She left the Group in 2015 and re-joined in 2017 to oversee the finance function of Silverlake Symmetri Group. She is a fellowship member of the Association of Chartered Certified Accountants and MIA.

**3 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 30 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.

**7 JEAN AW PENG MEI**  
Senior EVP, Group Organisation, Strategy & Synergy

Ms. Aw works with the Group Managing Director on corporate strategies and priorities. In her current 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 29 years of experience in business and technology transformation of a number of global, regional and local banks. Prior to her current role, she was Vice President at OCBC Bank and was previously Director at Ernst & Young Advisory Services. She is a Computer Science graduate from the Royal Melbourne Institute of Technology, Australia.



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**8 CHOO SOO CHING**  
Group Managing Director, Silverlake Digital Economy

Ms. Choo founded Silverlake Digital Economy (SDE) in 2011, which was acquired by the Group in April 2018, and is responsible for its overall strategy, architecture, operations and performance. A former banker, Ms. Choo has an extensive banking and technology background including a long career in Standard Chartered Bank (SCB) where she held a number of senior banking, development, programme management and technology service roles in Malaysia, and for the Group in Singapore, Hong Kong and the United Kingdom. Her last major role was as Global Head of Technology Services where she was responsible for delivering technology services to all 53 countries in the Group. She left SCB in 2000 to pursue a software entrepreneurial opportunity which included the delivery of internet and mobile banking services to leading banks in Asia. Prior to founding SDE, she also ran a consultancy services business focusing on business transformation and programme management.

**9 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 16 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.

**10 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 22 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.

**11 YEW YEE MING**  
Senior EVP, QR Retail Automation

With 28 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.

**12 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 29 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.

**13 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 27 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.

**14 JONAS DANIEL JOAKIM LIND**  
Chief Executive Officer, Silverlake Symmetri

Beginning his career in management consulting in Sweden, Mr. Lind has nearly 20 years of technology of which 15 years have been spent in Asia. As Silverlake Symmetri's CEO, Mr. Lind is responsible for the growth and business presence expansion in Asia and EMEA. He leads the organisation towards enabling financial institutions to become Digital Leaders by focusing on bridging gaps between conventional business models and the new digital world. Prior to joining the Group, Mr. Lind co-founded and acted as CEO for several technology companies, enabling him to have extensive involvement with governments and commercial organisations across 50 countries. Over the years, Mr. Lind has acquired deep knowledge and specialisation in emerging technologies such as digital identification and authentication while also spearheading technology-driven business strategies to promote organisational growth, market expansion and operation efficiency. In his current capacity, Mr. Lind holds two Master of Science in Business Administration and Management, and Engineering/Industrial Management from Sweden's Luleå University of Technology.



# Silverlake Axis Fintech Platform Capabilities



- Transformed payroll experience for foreign workers and employees using award-winning web & mobile technologies
- Leveraged on facial and voice biometric authentication for Customer Onboarding (eKYC)
- Created new value through ecosystem interaction between a Malaysian-based bank, employers, foreign workers, merchants and more



- Delivered a digital omni-channel platform based on new API architecture to a UAE-based Bank
- Fuelled a bank's transformative business model to deliver financial services anytime, anywhere, and on any device for their customers



- Transformed a Malaysian-based Super Regional bank's digital banking experience with fintech solutions centred on connectivity, simplification and personalisation to all its customers
- Reinvented bank's Channel API Services to accelerate launch of new and enhanced digital user experience offerings



- Delivered an award-winning digital banking platform with omni-channel capabilities for a bank in Brunei (Best Smart Branch)
- Re-engineered hundreds of business processes to enable paperless and integrated processes
- Reduced customer on-boarding time & digitised processes through self-service digital channels



# Silverlake Axis Insurtech and Retail Innovations



## **Analytics-as-a-Service (AaaS) for Motor Claims**

Enabled an Indonesia-based general insurer to obtain comparative analysis of parts pricing, labour pricing and turnaround time among vendors and service providers to insurers



## **Digital Insurance Claims Processing Platform with Channel Services API business layer**

Pioneered digital transformation in insurance medical claims with a large regional insurer & used by hospitals, major clinics and laboratories in Malaysia



## **Software-as-a-Service (SaaS) for Retail & Logistics Automation**

Offers a cloud-based Retail & Logistics Automation platform with data analytics capabilities



# Financial Highlights

Revenue	Gross Profit	Other Income	Profit Before Tax	Net Profit
RM541.8 million	RM304.9 million	RM4.5 million	RM147.2 million	RM134.1 million
↓1%	↓1%	↓99%/↓68% <sup>(1)</sup>	↓85%/↓12% <sup>(1)</sup>	↓84%/↓10% <sup>(1)</sup>

Financial Year Ended 30 June	2014	2015	2016	2017 <sup>(2)</sup>	2018
<b>1. Financial Results (RM' million)</b>					
Revenue	500.7	516.0	636.3	549.9	541.8
Gross Profit	306.7	337.1	383.9	307.5	304.9
Other Income	8.4	28.7	19.7	808.3 <sup>(1)</sup>	4.5
EBITDA	290.9	321.9	317.8	989.6 <sup>(1)</sup>	169.8
Profit Before Tax	274.1	306.8	300.2	968.2 <sup>(1)</sup>	147.2
Net Profit	248.9	282.7	273.9	863.7 <sup>(1)</sup>	134.1
<b>2. Financial Positions (RM' million)</b>					
Share Capital	157.5	157.5	191.0	191.0	191.0
Shareholders' Fund	616.3	639.3	602.5	1,192.3	523.1
Total Assets	766.7	779.0	833.4	1,497.9	1,007.3
Total Liabilities	150.4	139.6	230.8	305.6	484.1
<b>3. Financial Ratio</b>					
Gross Profit Margin (%)	61%	65%	60%	56%	56%
Net Profit Margin (%)	50%	55%	43%	157% <sup>(1)</sup>	25%
Return on Equity (%)	40%	44%	45%	72% <sup>(1)</sup>	26%
Current Assets/Current Liabilities (Times)	4.5	4.0	2.3	4.8	3.6
<b>4. Per Share (RM sen)</b>					
Basic Earnings Per Share	11.09	10.53 <sup>(4)</sup>	10.30	32.65 <sup>(1)</sup>	5.09
Diluted Earnings Per Share	11.09	10.52 <sup>(3)(4)</sup>	10.30	32.62 <sup>(1)(3)</sup>	5.08 <sup>(3)</sup>
Net Assets Per Share	27.46	23.74 <sup>(4)</sup>	22.71	45.05	19.70
<b>5. Dividends</b>					
Dividends Per Share (SGD cents)	4.50	4.20	3.00	4.50	3.00
Dividend Payout (%)	106%	96%	87%	43% <sup>(1)</sup>	175% <sup>(1)</sup>

<sup>(1)</sup> In FY2017, the Group made a net gain of RM426.2 million on disposal of shares in an associate, Global InfoTech Co. Ltd. ("GIT"), mark-to-market accounting gain of RM259.1 million on re-measurement of retained interest in GIT, gain of RM18.8 million on dilution of interest arising from GIT's share capital changes and reversal of deferred tax liabilities of RM4.7 million on unremitted earnings of GIT. The gains were reflected in the Other Income and correspondingly in the earnings, net profit margin and return on equity ratios. In FY2018, the Group incurred a net loss of RM5.9 million from the sales of GIT shares. Excluding the effects of these non-operational gains and losses related to GIT, the Group's FY2018 adjusted net profit of RM140.0 million would have been 10% lower than FY2017 adjusted net profit of RM154.9 million.

The Group declared five special dividends from the GIT share sale proceeds, totalling Singapore 2.3 cents and Singapore 1.8 cents per share for FY2017 and FY2018 respectively.

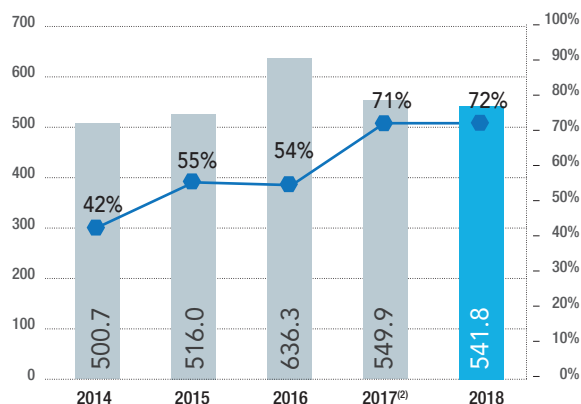
<sup>(2)</sup> The acquisition of Silverlake Investment Ltd. and three of its subsidiaries comprising Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd. (collectively, the "SIL Group"), in April 2018 was an acquisition of companies under common control. In accordance with the pooling of interest method of consolidation, the Group's financial statements for FY2017 and FY2018 (for period from July 2017 to March 2018) were restated to include SIL Group's results, as if SIL Group had always been part of the Group. For the purpose of this Annual Report, the impact of the pooling of interest method of consolidation of SIL Group has not been reflected for FY2014 to FY2016. SIL Group's net profit for FY2014 to FY2016 were approximately 3% of Group's net profit for FY2014 to FY2016.

<sup>(3)</sup> Based on the weighted average number of ordinary shares on issue, after adjusting for dilution shares under Silverlake Axis Ltd. Performance Share Plan.

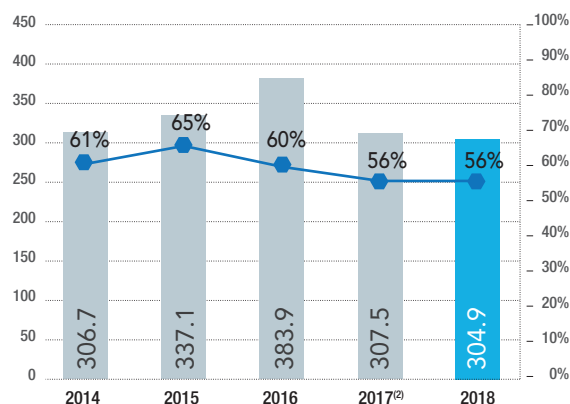
<sup>(4)</sup> Adjusted to account for the bonus shares issued on 8 July 2015 in accordance with IAS 33 Earnings Per Share.

## Financial Highlights (cont'd)

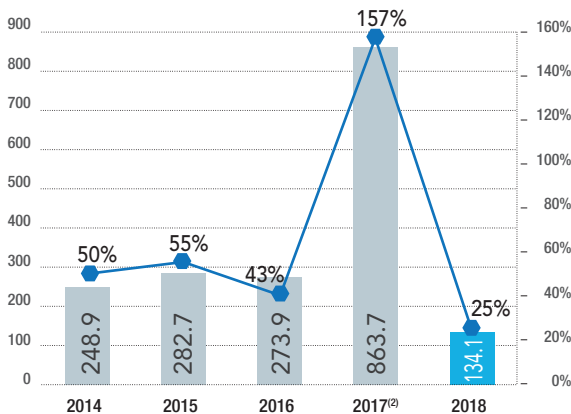
■ Revenue (RM' m)    ● Revenue Contribution from Maintenance & Enhancement Services (%)



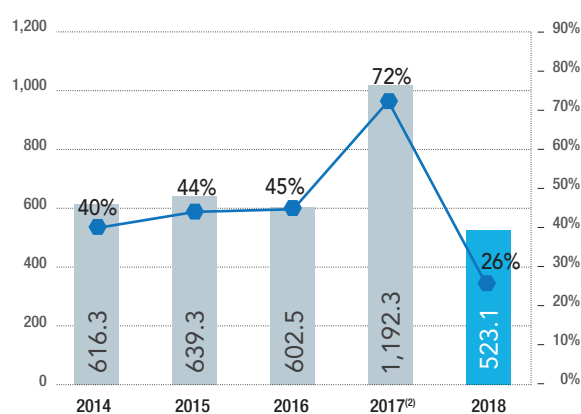
■ Gross Profit (RM' m)    ● Gross Profit Margin (%)



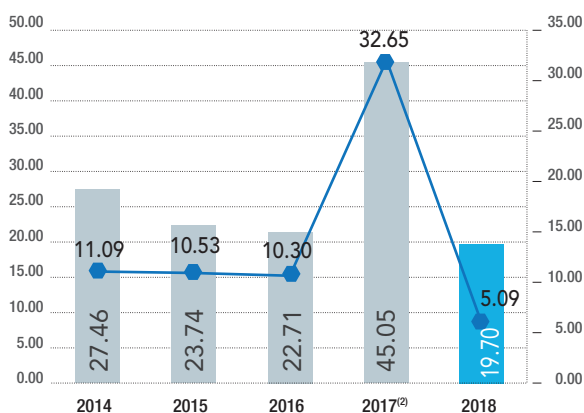
■ Net Profit (RM' m)    ● Net Profit Margin (%)



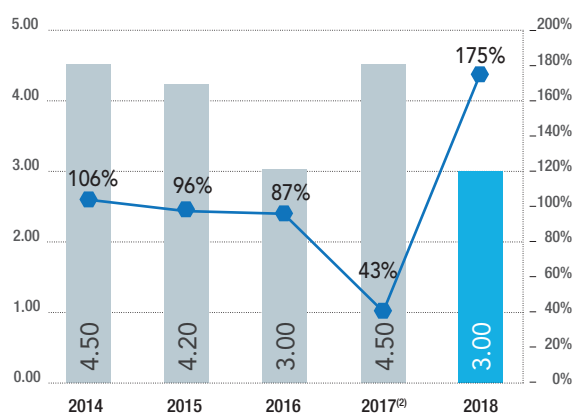
■ Shareholders' Fund (RM' m)    ● Return on Equity (%)



■ Net Assets Per Share (RM sen)    ● Basic Earnings Per Share (RM sen)



■ Dividends Per Share (SGD cents)    ● Payout (%)



# Financial Performance Review

## FINANCIAL PERFORMANCE REVIEW

### OVERVIEW

In FY2018, Group revenue declined 1% to RM541.8 million from RM549.9 million in FY2017 and Group profit after tax declined to RM134.1 million from RM863.7 million in FY2017.

Excluding the effects of non-operational gains and losses related to Global InfoTech Co. Ltd. ("GIT") comprising loss and gain from sales of GIT shares in FY2018 and FY2017, accounting gain on re-measurement of retained interest in GIT in FY2017 and gain on dilution of interest arising from GIT's share capital changes in FY2017, the Group's adjusted profit after tax of RM140.0 million ("Adjusted Net Profit") in FY2018 would have been 10% lower than the adjusted profit after tax of RM154.9 million achieved in FY2017.

The acquisition of Silverlake Investment Ltd. and three of its subsidiaries comprising Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd. (collectively, the "SIL Group"), in April 2018 was an acquisition of companies under common control. SIL Group's results have been consolidated using the pooling of interest method, where Group results for FY2017 and FY2018 (for period from July 2017 to March 2018) were restated to include SIL Group's results, as if SIL Group had always been part of the Group. SIL Group contributed 9% of FY2018 Group revenue and 5% of FY2018 Group *Adjusted Net Profit*.

### REVENUE

Group revenue declined marginally by 1% to RM541.8 million from RM549.9 million. The recurrent maintenance and enhancement services revenue growth was flat but this business segment remained the key revenue contributor at 72% of overall revenue. Project related revenue segments recorded a 13% drop despite the three Thai core banking system replacement projects won in late FY2017 and two new ASEAN core banking projects secured in late FY2018, as revenue from these projects are being progressively recognised in FY2018 and in the following financial years. Revenue from credit and cards processing and insurance processing registered marginal growth of 5% and 2% respectively, while revenue from sale of software and hardware products more than doubled to RM8.1 million.

### GROSS PROFIT

Gross profit of RM304.9 million was marginally lower than the RM307.5 million recorded in FY2017. Gross profit margin remained unchanged at 56%.

### OTHER INCOME

Other income was RM4.5 million in FY2018 compared with RM808.3 million in FY2017. In FY2017, the Group recorded RM480.4 million pre-tax gain from sales of GIT shares, RM294.8 million pre-tax mark-to-market accounting gain on re-measurement of remaining 41.6 million shares in GIT when GIT ceased to be an associate, RM18.8 million accounting gain on dilution of interest arising from GIT's share capital changes and RM11.9 million unrealised foreign currency exchange gain from translation of bank balances, mainly from the GIT shares sale proceeds denominated in foreign currencies.

### EXPENSES

Selling and distribution expenses were 6% lower at RM29.8 million in FY2018 compared with RM31.8 million in FY2017, reflecting lower marketing and research activities in FY2018.

Administrative expenses increased by 7% from RM110.9 million to RM118.2 million due to the pre-tax loss on sales of 4.5 million GIT shares and higher professional fees incurred for the acquisition of SIL Group and other potential investments in FY2018.

### SHARE OF RESULTS OF A JOINT VENTURE AND ASSOCIATES

The Group's share of loss in FY2018 was higher at RM15.9 million compared with RM7.7 million in FY2017, mainly due to the recognition of impairment loss by a joint venture entity, Silverlake HGH Limited ("Silverlake HGH"), on the goodwill from investment in Finzsoft Solutions Limited ("Finzsoft"). Silverlake HGH also incurred losses in FY2018 compared with a profit in FY2017. There was no share of results for GIT in FY2018 following the cessation of GIT as an associate with effect from 29 March 2017.

### INCOME TAX

Income tax expense decreased to RM13.1 million from RM104.5 million in FY2017 and the effective tax rate of 9% was 2% lower than the 11% reported in FY2017. Higher tax expense in FY2017 was mainly due to the withholding tax on disposal of GIT shares and the provision of deferred capital gains tax on the remaining 41.6 million GIT shares available-for-sale. The decrease in FY2018 tax expense was partially offset by the deferred tax assets recognised for unutilised tax losses by a subsidiary.

## FINANCIAL POSITION

### ASSETS

Total assets decreased by 33% to RM1,007.3 million as at 30 June 2018 from RM1,497.9 million the year before. Cash and bank balances decreased to RM304.0 million from RM732.4 million in FY2017, mainly due to share buybacks and dividend payments to shareholders, including special dividends paid from the GIT shares sale proceeds repatriated from China during the financial year.

Available-for-sale quoted equity shares, which comprised the Group's retained interest in GIT, decreased to RM189.8 million as at 30 June 2018 from RM280.3 million last year following the sale of 4.5 million GIT shares in FY2018 and a lower GIT share price as at 30 June 2018.

Interest in a joint venture decreased by 68% to RM9.7 million as at 30 June 2018, mainly due to the recognition of an impairment loss by Silverlake HGH on the goodwill from investment in Finzsoft.

The Group maintained a healthy net cash position as of 30 June 2018.

### LIABILITIES

Total liabilities increased by 58% to RM484.1 million as at 30 June 2018 from RM305.6 million last year, mainly due to the RM233.7 million contingent consideration payable for the acquisition of SIL Group, partially offset by the repayment of revolving credit to financial institutions in FY2018.

Total equity declined by 56% to RM523.2 million as at 30 June 2018 from RM1,192.3 million last year mainly due to dividend payments to shareholders and the higher merger deficit of RM476.3 million as a result of the pooling of interest method of accounting for the acquisition of SIL Group. The acquisition of SIL Group was an acquisition of companies under common control and thus in accordance with the pooling of interest method of consolidation, SIL Group's net assets were consolidated as if SIL Group had always been part of the Group, at book value. The difference between the fair value of purchase consideration and the book value of SIL Group's net assets was reflected in the higher merger deficit as at 30 June 2018.

## 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 2018.

The number of treasury shares decreased by 9,423,132 shares to 40,432,068 shares with 1,800,000 treasury shares released pursuant to Silverlake Axis Ltd. Performance Share Plan ("PSP") and 70,108,332 treasury shares reissued as base consideration for the acquisition of SIL Group. The decrease was partially offset by the share buyback of 62,485,200 shares.

### EPS

FY2018 basic EPS was 5.09 sen while diluted EPS was 5.08 sen, after adjusting for dilution from PSP. Excluding GIT related losses or gains, FY2018 basic EPS declined by 9% to 5.31 sen from 5.86 sen in FY2017, reflecting a decrease in FY2018 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.

Total dividends of Singapore 3.0 cents per share declared in FY2018 comprised interim and special dividends of Singapore 0.9 cents and Singapore 1.3 cents per share respectively, and the proposed final and special dividends of Singapore 0.3 cents and Singapore 0.5 cents per share respectively. The total interim and final dividends of Singapore 1.2 cents per share represents 67% of the Group's *Adjusted Net Profit*, whereas the total special dividends of Singapore 1.8 cents per share represents payout from the net gain on sales of GIT shares.

The proposed final and special dividends are subject to shareholders' approval at the forthcoming Annual General Meeting.

## CASH FLOW

### CASH FROM OPERATING ACTIVITIES

Net cash from operating activities was lower at RM144.9 million in FY2018 compared with RM232.5 million in FY2017 due to the higher revenue billings towards the end of FY2018.

### CASH FROM INVESTING ACTIVITIES

Net cash from investing activities increased 51% to RM291.7 million, mainly due to the net uplift of RM284.7 million short-term deposits placed with licensed banks, and this was partially offset by lower net proceeds from sales of lower number of GIT shares in FY2018 compared with FY2017.

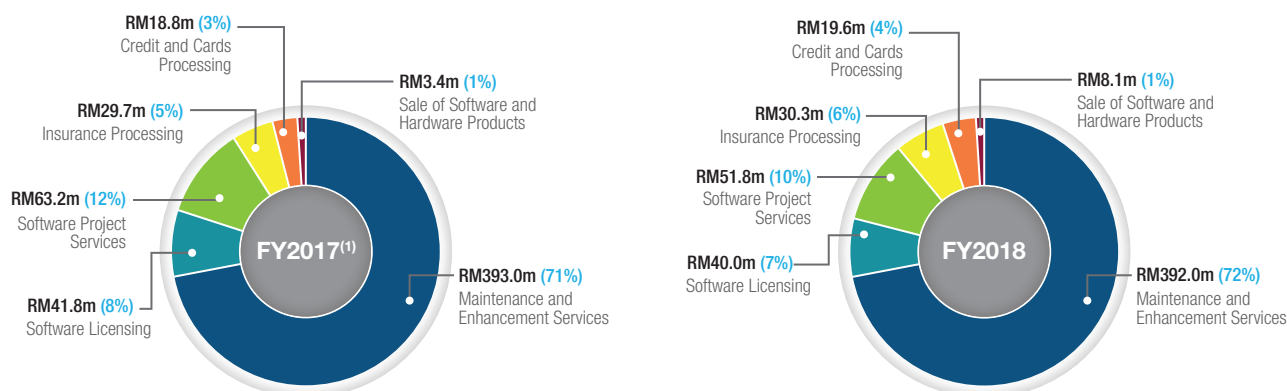
### CASH USED IN FINANCING ACTIVITIES

Net cash used in financing activities was significantly higher in FY2018 at RM564.1 million compared with RM243.0 million last year. The increase was due to higher dividends paid to shareholders, higher amount of cash used in share buybacks and increased net repayment of revolving credit in FY2018.



# Operations Review

## REVENUE BY SEGMENT



<sup>(1)</sup> The acquisition of Silverlake Investment Ltd. and its subsidiaries comprising Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd. (collectively, the "SIL Group"), in April 2018 was an acquisition of companies under common control. SIL Group's results have been consolidated using the pooling of interest method, where Group results for FY2017 and FY2018 (for period from July 2017 to March 2018) were restated to include SIL Group's results, as if SIL Group had always been part of the Group.

## BANKING AND RETAIL SEGMENTS

### Industry trend in FY2018

Technology spending by Asian financial institutions and corporations have shown improvement in FY2018 with increased targeted expenditure on scalable and transformative technologies. Specifically, innovative enterprises continued to invest in big data and analytic tools while accelerating the adoption of Software-as-a-Service (SaaS) and cloud-based digital platform. In addition, changing regulatory environment and business landscape have also bolstered the need for IT enhancement as financial institutions and corporations strive to keep pace with regulatory compliance and remain competitive in an increasingly demanding market place.



## 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, Silverlake Symmetri Retail Banking Solution as well as the newly acquired IntelliSuite and NowSuite.

### Performance

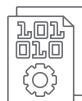
Software licensing business remained one of the Group's core businesses. In FY2018, revenue from this segment declined marginally by 4% to RM40.0 million. The newly acquired Silverlake Investment Ltd. and three of its subsidiaries comprising Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd. (collectively, the

"SIL Group"), contributed 17% of software licensing revenue in FY2018.

In late FY2017, the Group secured a number of new contracts, including three core banking system replacement projects in Thailand, which have progressively contributed to FY2018 revenue. With these three Thailand contracts, Thailand was the top software licensing revenue contributor in FY2018, followed by Malaysia. The two new core banking contracts secured from two large ASEAN banking institutions in April 2018 will join the three Thai contracts to contribute significant revenue in FY2019.

### Outlook

A significant portion of revenue from the software licensing contracts in Thailand and Malaysia will be progressively recognised in the current and following financial years. In view of the current order book, the Group expects SIL Group to contribute meaningfully in FY2019 with projects in Malaysia, Brunei and Sri Lanka. In addition, the Group is responding to requests for proposal as well as working on potential new contracts by leveraging on its expanded financial technology platform and capabilities. Overall, the Group is cautiously optimistic of the outlook for the software licensing business.



## 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.

### Performance

The three Thailand core banking system replacement projects secured in late FY2017 also contributed positively to software project services revenue in FY2018, while the two new core banking contracts secured from two large ASEAN banking institutions in April 2018 will only contribute to revenue significantly in FY2019. However, overall software project services revenue declined 18% to RM51.8 million in FY2018 from RM63.2 million in FY2017 as a number of projects have been completed in FY2017 while others were at the advanced stage of implementation. SIL Group contributed 43% of software project services revenue with ongoing deliveries in Malaysia, Thailand, Brunei, Dubai and Sri Lanka.

### Outlook

Enquiries and requests for proposals have gradually picked up in FY2018. The Group remains cautiously optimistic of the outlook for the software services business and expects significant revenue to be recognised from the two new ASEAN projects in FY2019 as well as progressive revenue recognition from the core system replacement projects in Thailand. SIL Group will also continue to contribute to software project services revenue in FY2019.



## 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 and product offering innovations, as well as to address governance, risk and compliance requirements.

### Performance

Maintenance and enhancement services revenue was flat at RM392.0 million in FY2018 compared to RM393.0 million the year before. Despite fewer large enhancement projects delivered in Philippines, Sri Lanka and Malaysia, maintenance revenue continued to grow following the completion of software implementation projects in Malaysia and Indonesia in FY2017, as well as in Thailand in early FY2018. SIL Group contributed 5% of FY2018 Group maintenance and enhancement services revenue.

### Outlook

With the growing base of maintenance sites and improving business sentiments in 2018, the Group is optimistic of the outlook for maintenance and enhancement services. New business initiatives by existing customers as well as geographical expansion plans and mergers and acquisitions in the financial industry will continue to drive demand for the Group's enhancement services. The Group will continue to strive for growth in the recurrent revenue base through the development of stronger partnership with customers.



## 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.

### Performance

Revenue from sale of software and hardware products more than doubled to RM8.1 million in FY2018 from RM3.4 million the year before with two high value sales secured in Malaysia in FY2018.

### Outlook

With IT investments remaining key for achieving operational efficiency in the financial industry, Asian financial institutions and corporations are likely to continue increasing their technology spending. The Group is cautiously optimistic of the outlook for its hardware business segment and will continue with its efforts to seek business opportunities 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 Japanese card issuers in Asia.

### Industry Trend in FY2018

The Group's credit and cards processing business focuses primarily on the Japanese market. Business conditions in Japan's credit and cards processing industry are challenging but the industry also presents exciting opportunities as the Japanese government has initiated reforms ahead of the 2020 Tokyo Olympic Games.

### Performance

FY2018 credit and cards processing revenue was 5% higher at RM19.6 million compared with RM18.8 million last year mainly due to the implementation of new tiered-pricing fees.

### Outlook

The outlook for the Group's credit and cards processing business remains uncertain. Silverlake Japan will continue its effort to secure new cards processing customers and in the near term, Silverlake Japan will continue to 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 administration, claim processing and data analytics 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 FY2018

The insurance industry around the region continued to face major regulatory changes and increased cybersecurity concerns. The key regulatory requirements affecting the insurance industry in FY2018 include the phased detariffication of motor insurance in Malaysia, and new data laws in Vietnam and China. These presented Merimen with opportunities in terms of demand for its cloud-based collaboration platform and new product lines such as analytics, as well as challenges in terms of additional operational requirements and compliance costs.

### Performance

FY2018 insurance processing revenue was 2% higher at RM30.3 million compared with RM29.7 million the year before. The revenue growth was impacted by the dip in general insurance gross premiums in Malaysia. However, Merimen continued to deepen its presence in the new markets of Thailand, Philippines, Vietnam as well as Hong Kong and secured more than ten new insurers. Merimen has also successfully commercialised TrueSight, the new data analytics and machine decisioning SaaS platform, and on-boarded its first customer in FY2018.

### 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. As the Group deepens its market penetration in new countries, growth is expected in Merimen from increased ecosystem participation and from cross-selling opportunities. Merimen TrueSight will contribute positively in the coming years with more insurers on-board onto the platform. A continually changing regulatory and operational landscape in the insurance industry will provide opportunities to support growth for the Group's insurance processing business.



# Sustainability Report

# About this Report



This is our inaugural sustainability report that communicates our progress and efforts as we embark on this sustainability journey at Silverlake Axis Ltd.

## Reporting period

This report covers our sustainability performance and efforts throughout the period of 1 July 2017 to 30 June 2018. Going forward, this report will serve as a platform for us to communicate transparently and share our sustainability progress with stakeholders on an annual basis.

## Reporting scope and boundaries

This report covers the sustainability initiatives and performance of Silverlake Axis and its subsidiaries (the “Group”) which the Group has direct managerial control as reflected in the Group Structure on page 9. The reporting boundaries for specific topics are detailed on page 31. All references in this report to “Silverlake Axis”, “the Group” and “we” refer to the aforementioned entities.

## Reporting methodology

We have developed this report in accordance to the Global Reporting Initiative (“GRI”) Standards - Core option and Singapore Exchange’s Practice Note 7.6 Sustainability Reporting Guide. We have not sought for external assurance for this report.

We look forward to enhancing our sustainability reporting journey through constructive feedback from our stakeholders. We value your feedback on this report by contacting us at [investor.relation@silverlakeaxis.com](mailto:investor.relation@silverlakeaxis.com).

# Sustainability at the Group

The sustainability agenda has been of increasing importance over the past few years, parallel with the call by regulatory bodies in recent times. As the risks in the digital landscape continues to shift and expand, stakeholders now demand for us to be socially and environmentally sustainable, in addition to having strong economic performance.

We recognise the importance of the integration of social and environmental sustainability related issues into our core business activities as these are essential parts to develop our business strategy. Our approach to sustainability revolves around the three key pillars: Our Business, Our People and Our Stewardship, which will continue to guide our sustainability direction as we progress.



**Our Business**  
Delivering value via our business by reinforcing ethical business governance, innovation and a forward-looking culture.



**Our People**  
Nurturing an employee-centric culture by laying emphasis on the well-being and development of our employees.



**Our Stewardship**  
Our commitment towards minimising our environmental impact at all business premises.

Diagram 1: Silverlake Axis’ sustainability pillars



# Sustainability Governance

Good governance is the key to achieving the Group's objectives and sustaining the business in the long term. While those charged with governance set the tone at the top, we believe governance is the responsibility of every person in the organisation. The Group's sustainability governance is supported by sound policies, systems and good business practices. Our Board of Directors provide direction and advocate progressive integration of sustainability into our business and strategic decisions, whereas our Audit and Risk Committee oversees the sustainability initiatives in respect of internal controls and compliance.

Our sustainability efforts are driven by the Group Managing Director. The Sustainability Committee then implements and monitors our sustainability efforts with close support from our key corporate and business functions.

Our sustainability governance structure is depicted in Diagram 2.



Diagram 2: Sustainability governance structure

## Our Sustainability Policy

In 2018, Silverlake Axis formalised its Sustainability Policy that outlines its commitment towards contributing to a sustainable operating environment. It is aligned with Silverlake Axis' view of sustainability as described in our Chairman's Statement, Code of Conduct and business strategy. We strive to meet our customer expectations and encourage our business partners to adopt sustainable business practices.

Our guiding principles are:

- To comply with, and exceed where practicable, all applicable legislation, regulations and codes of practice;
- To integrate sustainability considerations into all our business decisions;
- To provide a healthy, safe, conducive and empowering workplace;
- To conserve natural resources by optimising re-use and recycling wherever possible;
- To utilise operational processes that do not adversely impact the environment;
- To work with our stakeholders to enhance awareness, and incorporate, practice as well as promote sound sustainable practices, using our resources to provide leadership, guidance and motivation, where necessary;
- To continually develop and provide supportive performance and advances including embedding sustainability into our decision-making, planning and investment processes to provide sustainable value increase to our shareholders; and
- To review, annually report and continually strive to improve our sustainability performance.

## Ethical Business Conduct

We uphold strong business ethics that form a culture of integrity and honesty in our business. The Group's Code of Conduct (the "Code") has established professional, ethical and legal principles of which all employees are expected to embrace and practice while performing their day-to-day duties.

The Code addresses the standard of business ethics of confidentiality, conflict of interests, fair dealing, anti-corruption, fraud and transparency. The Group also affirms a principle of equal opportunities. Workplace harassment, discrimination of any kind or any other wrongful behaviour that may create an unfavourable working environment will be subject to disciplinary action.

Details of the Code can be found in the Employee Handbook. The Employee Handbook is accessible by all employees at all times via the Group's Intranet. All new employees are provided with a copy of the Code during their induction.

### (i) Anti-corruption and anti-bribery

We have a zero-tolerance policy towards unscrupulous conduct which includes fraudulent dealings and bribery. In response to this, our Code also covers gifts and entertainment and anti-corruption policies. These policies define the terms related to anti-corruption and describes how these terms apply to various situations to ensure our employees are not involved in any offer that gives improper advantage to the employee or the Group.

These policies were approved by the Group Managing Director and subsequently disseminated to all employees through the Employee Handbook.

In FY2018, there were zero confirmed incidents of corruption involving our employees within the Group.

### (ii) Whistle-blowing Policy

Silverlake Axis is committed to high standards of corporate governance and accountability in its affairs. In line with this commitment, the Whistle-blowing Policy aims to provide a channel for employees to raise concerns in good faith and in confidence, without fear of reprisals. Employees are encouraged to report possible improprieties in financial reporting or other improper business conduct they encounter in the course of employment.

We ensure an independent investigation of such matters and appropriate follow-up actions are taken, while safeguarding the confidentiality of the whistle-blower. Any concerns shall be promptly reported, either from the internal platforms via internal reporting procedures or external platforms via email or writing.

The Code and Whistle-blowing Policy are subject to an annual review.

# Engagement with Our Key Stakeholders

Engagement with our key stakeholders helps us to be conscious of societal expectations on the Group. We believe their perspectives offer valuable insights on ways to improve our business and shape our sustainability efforts.

Our key stakeholders include, but are not limited to customers, employees, shareholders, suppliers, Board of Directors and regulators. Engagement with these stakeholders have been conducted via both formal and informal settings, highlighting key areas of concerns and our response as shown in Table 1.

Stakeholder Group	Engagement Platforms	Frequency	Areas of concern	Our response
Customers	<ul style="list-style-type: none"> <li>• Roadshows activities and events</li> <li>• Technology updates</li> <li>• Roundtable discussions</li> <li>• Account Service Managers</li> </ul>	Multiple touchpoints throughout the year	<ul style="list-style-type: none"> <li>• Technology updates</li> <li>• System compatibility</li> <li>• Compliance</li> </ul>	Efficient customer support and help desk
Employees	<ul style="list-style-type: none"> <li>• Intranet portal</li> <li>• Email communications</li> <li>• Annual performance appraisal</li> <li>• Townhalls</li> <li>• Internal meetings</li> </ul>	Multiple touchpoints throughout the year	<ul style="list-style-type: none"> <li>• Career development</li> <li>• Benefits and compensation</li> <li>• Equality</li> <li>• Two-way communication</li> </ul>	Performance appraisal and feedback, job related trainings and development, employment benefits
Shareholders	<ul style="list-style-type: none"> <li>• Annual General Meeting</li> </ul>	Annually	<ul style="list-style-type: none"> <li>• Economic returns</li> </ul>	Return on investment and dividend distribution
Suppliers	<ul style="list-style-type: none"> <li>• Email communications</li> <li>• Meetings and briefings</li> </ul>	Multiple touchpoints throughout the year	<ul style="list-style-type: none"> <li>• Ethical procurement practices</li> </ul>	Clear procurement policies and practices
Board of Directors	<ul style="list-style-type: none"> <li>• Email communications</li> <li>• Board meetings</li> </ul>	Quarterly and annually	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Economic performance</li> <li>• Corporate governance and risk reviews</li> </ul>	Oversight of the management and governance of the Group
Regulators	<ul style="list-style-type: none"> <li>• Email communications</li> <li>• Meetings</li> </ul>	Quarterly and as needed	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Corporate governance</li> </ul>	Compliance to regulations and good corporate governance

Table 1: Stakeholders engagement

# Materiality Assessment

Material topics are important to form the foundation of our sustainability agenda. Our materiality assessment process provides clear understanding from two dimensions: significance of the economic, environmental and social impact to the Group and importance to our stakeholders.

In identifying the material sustainability topics, we commissioned an external consultant to guide us through the process. During the materiality assessment workshop, key internal stakeholders comprising the Group's heads of key business functions and management personnel were involved in providing their views from the aforementioned dimensions. The outcome of the process was presented to and endorsed by our Board of Directors.

The materiality assessment process is summarised in Diagram 3 below:

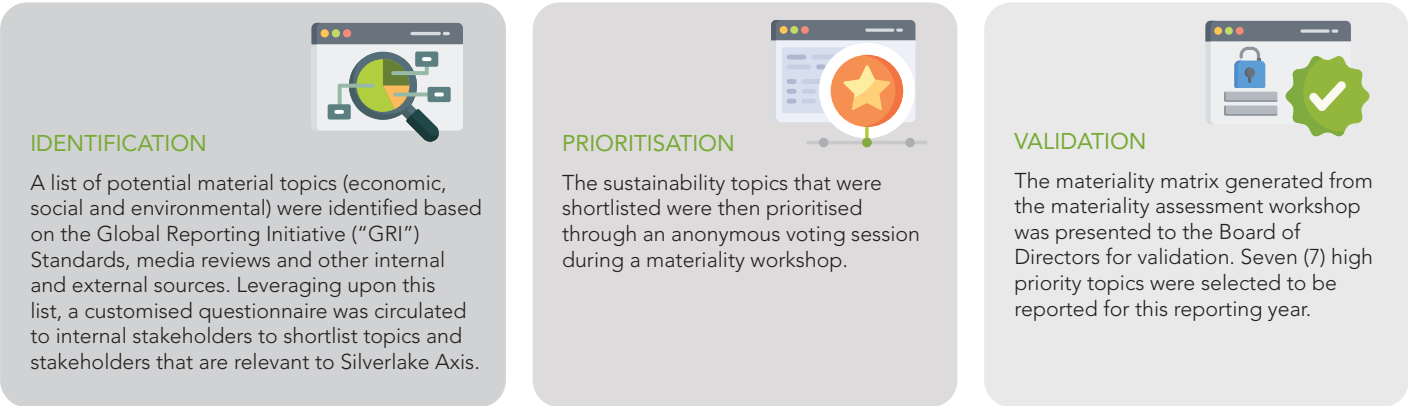


Diagram 3: Materiality assessment process

A materiality matrix was generated at the conclusion of the materiality workshop as shown in Diagram 4. The seven (7) material topics selected for reporting in FY2018 are Strong Governance, Data Protection, Economic Performance, Business Innovation, Employee Management, Training and Education, and E-waste. As we progress on this sustainability journey, we will continuously enhance the scope of our reporting as well as the performance indicators disclosed.

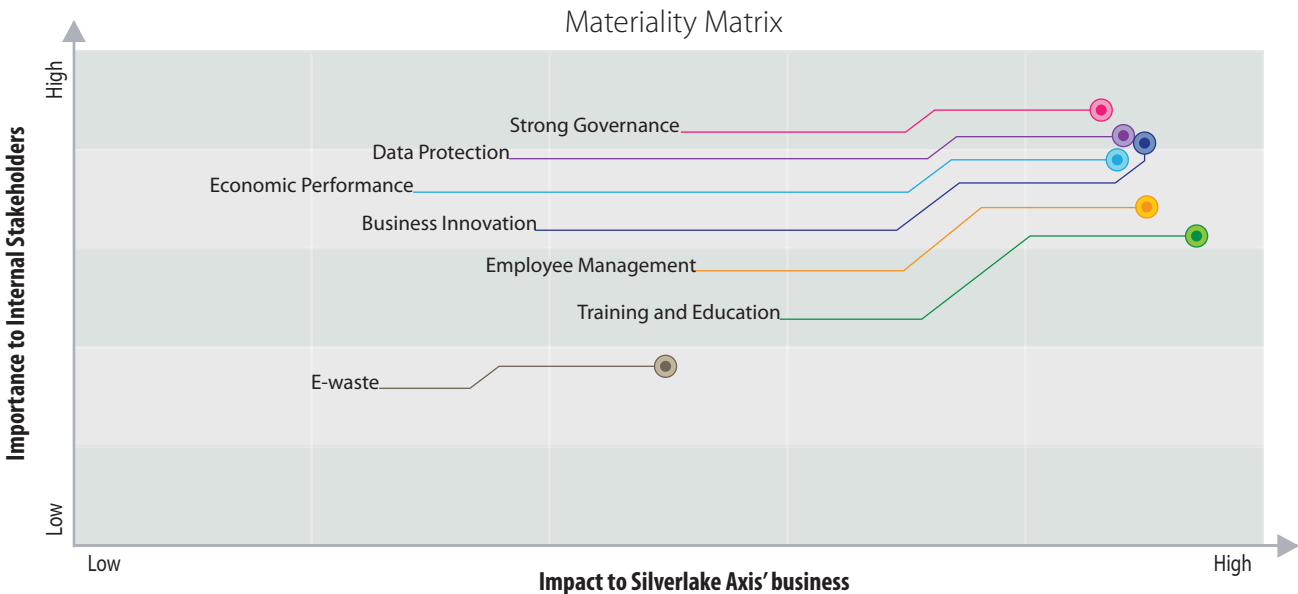


Diagram 4: Silverlake Axis' materiality matrix

# Material Sustainability Topics

## Material Topics and Its Boundaries





















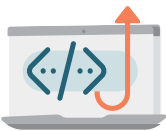
Material Topics (GRI Standards 2016)	GRI Index	Where the impact occurs	Silverlake Axis' involvement	Organisational Boundaries
<b>OUR BUSINESS</b>				
Strong Governance & Data Protection	GRI 102-18: Governance structure GRI 418: Customer privacy	 & 		All
Business Innovation	-	 & 		All
Economic Performance	GRI 201: Economic performance	 & 		All
<b>OUR PEOPLE</b>				
Employee Management	GRI 401: Employment			* Excludes Silverlake Japan Ltd. and Finzsoft Limited Solution # Excludes Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd.
Training and Education	GRI 404: Training and education			* Excludes Silverlake Japan Ltd. and Finzsoft Limited Solution # Excludes Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd.
<b>OUR STEWARDSHIP</b>				
E-waste	GRI 306: Effluents and waste	 & 		* Excludes Silverlake Japan Ltd. and Finzsoft Limited Solution # Excludes Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd.
Legend:  Within SAL  Outside SAL  Direct  Indirect				

Table 2: Boundaries of the material topics

\* Finzsoft Solutions Limited was excluded as its result is accounted for using equity method in the consolidated financial statements. Whereas Silverlake Japan Ltd. was excluded for this reporting period as it accounts for only 4% of our revenue contribution.

# Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd. were excluded as they were newly acquired during the reporting period.





## Our Business

### Economic Performance

Silverlake Axis provides financial services technology to the banking, insurance, payments, retail and logistics industries. Founded in 1989, the Group has built an impeccable track record of successful core banking implementations. Together with our acquired subsidiaries (Merimen Group, Cyber Village, QR Retail Automation Group, Symmetric Payments and Integration Group, Silverlake Symmetri Group, Silverlake Digital Economy, Silverlake Digitale, Silverlake One Paradigm) and associate Finzsoft Solutions Limited (listed on NZX), we have transformed and created value for over 300 customers and their ecosystems. Our geographical presence spans across Asia Pacific, Africa, Central Europe and the Middle East regions.

We aim to bring together our people, business and technology to create value, deliver sustainable economic performance and maximise value distribution to our diverse stakeholder groups.

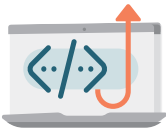
This year, the Group registered RM541.8 million in revenue and achieved a net profit of RM134.1 million. Table 3 illustrates the economic value generation and distribution to our stakeholders.

In RM' mil	FY2018	FY2017
ECONOMIC VALUE GENERATED		
Revenue	541.8	549.9
ECONOMIC VALUE DISTRIBUTED		
Operating cost	177.2	178.5
Employee wages and benefits	228.2	223.3
Payments to providers of capital	235.3	371.7

Table 3: Direct economic value generated and distributed

For a detailed breakdown of Silverlake Axis' 2018 and 2017 financial results, please refer to the following sections in our Annual Report 2018:

- |                                |                       |
|--------------------------------|-----------------------|
| • Financial highlights         | (Page 18 to Page 19)  |
| • Financial performance review | (Page 20 to Page 21)  |
| • Operations review            | (Page 22 to Page 24)  |
| • Financial statements         | (Page 77 to Page 197) |



# Our Business

## Strong Governance and Data Protection

Strong governance is fundamental to running a business. It plays an essential role in ensuring greater transparency, protecting the interests of various stakeholder groups as well as strengthening investors' confidence in the management team and lines of reporting.

Guided by our Code of Conduct and Whistle-blowing Policy as aforementioned in the Sustainability Governance section, we promote ethical values which are embedded within the Group through our vision, mission and corporate objectives. Processes and procedures have been instituted and are constantly reviewed and enhanced to ensure effective corporate governance.

Secure data protection is crucial to uphold good ethics and boost stakeholders' confidence in our business. It is also increasingly important for businesses to comply with the Personal Data Protection Act 2010 ("PDPA"). As the variety, volume and velocity of data grows, Silverlake Axis needs to be able to manage the related risks and opportunities to gain a competitive advantage.

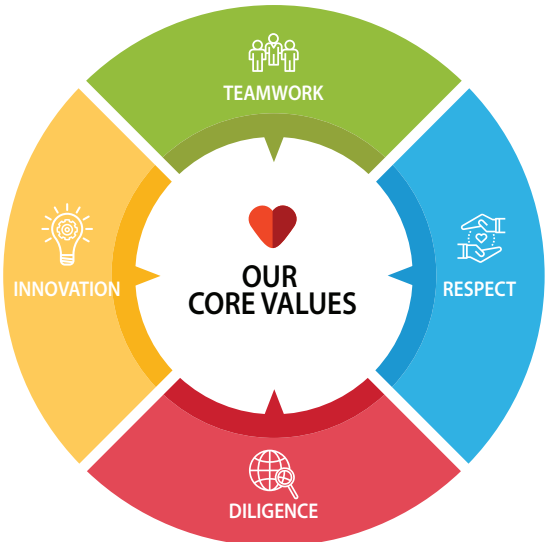


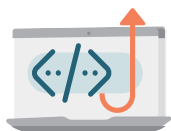
Diagram 5: The Group's core values

We respect our customer's privacy. Henceforth, we developed a Privacy Policy which guides the management and protection of personal data. The policy is updated from time to time when necessary and covers the following aspects:

- Consent and data collection
- Access, correction and accuracy of data
- Cookies and Internet Protocol ("IP") address tracking
- Security and retention of data
- Transfer of information overseas

Our detailed Privacy Policy can be found on our corporate website at [www.silverlakeaxis.com/privacy](http://www.silverlakeaxis.com/privacy). All our employees are expected to comply with the PDPA and apply the Privacy Policy in their day-to-day operations. Additionally, we have a PDPA committee to oversee the regulatory compliance.

In FY2018, there were zero identified leaks, theft or losses of personal data and zero substantiated complaints received concerning breaches of customer privacy.



## Our Business

### Business Innovation

In the age of disruption, we perceive innovation as a strategic lever that enables us to increase business value and embrace change. We therefore leverage on the three strategies below to drive productivity within the Group and competitiveness globally.

#### Joint Development with Customers

We promote flexibility and innovation by offering personalised services via a “joint develop and design” platform, and encourage on working closely with our customers to meet their unique requirements.

In our day-to-day business operations and maintenance, our dedicated team of Account Service Managers (“ASMs”) works together with our customers to understand their challenges and business transformation needs, as well as support the fine-tuning of these requirements. This structure helps us to develop a deep understanding of our customers’ needs and enables us to orchestrate our solutions across the Group to design and develop innovative yet sustainable solutions for them.

#### Dialogues with Leaders, Partners and Investors

We regularly engage with leaders, business partners and investors to understand how we can work collectively to meet their expectations. While we share our strategy and business growth capabilities with our investors, our engagement with them provide us with industry insights on how we can create more value within the Group and develop a more sustainable business model.

We connect with various leaders and experts through our annual business and technology conference. These dialogues include discussions on leading practices and experiences as well as sharing of innovative initiatives undertaken in their respective organisation. This creates an opportunity for us to work collaboratively with them to develop the right solution that meets current and future business needs.

#### Strategic Acquisitions and Partnerships

In our journey from Core Software Provider to Digital Innovation Accelerator, we look into the innovation ecosystem to find partners that are synergistic with the Group’s vision and able to strengthen our existing core offerings. In April 2018, the Group acquired Silverlake Digital Economy Sdn. Bhd., Silverlake Digitale Sdn. Bhd. and Silverlake One Paradigm Sdn. Bhd. Leveraging on the digital solutions of these entities, the Group successfully secured a contract from an established consumer credit provider in Hong Kong to assist in the digital transformation of its credit card and lending businesses.

We constantly and actively seek to invest in or partner with companies that deliver highly innovative solutions to not only complement our existing suite of solutions but to also reinvigorate our solution capabilities. Since 2010, we have embarked on up to ten acquisitions which have not only exponentially enlarged the breadth of our solutions, but also enabled the Group to expand into different industries and countries. The Group’s supply chain (Table 4) remains unchanged with the recent acquisition made in April 2018.



## Our Business

### Business Innovation (cont'd)

Table 4: Supply chain sustainability

Business Line	Product Research	Product Management	Product Development & Testing	Software Packaging & Deployment	Sales & Marketing	Product Support & Maintenance	Implementation & Customisation
Software Licensing	Discovery. Validation. Conceptualisation, prototyping	Planned releases & periodic customer feedback	Waterfall & agile development. Iterative & integrated testing	Packaged as installable modules & installed by product	Silverlake Axis business development & third-party resellers/ partners	Product team to software performance versioning, code conflicts	
Software Project Services							Project management and software development lifecycle execution
Maintenance & Enhancement Services						L1, L2, and L3 production support streams. Planned enhancements per customers' release schedule	
Sale of Software & Hardware Products					Requested by customers requiring third party hardware and system software to run the Silverlake Axis software solutions.		
Credit & Cards Processing	Outsource services for credit & cards processing				Silverlake Axis business development and third-party resellers/ partners	Outsource services for credit & cards processing	
Insurance Processing	Discovery. Validation. Conceptualisation, prototyping	Frequent releases, collaborative innovation with ecosystem	Agile development & continuous integration	Hosted as solutions on cloud with automatic provisioning in real time		Support through user guides, FAQs, email and phone line customer services. Maintenance delivered through planned schedule	Delivered via Software-as-a-Service (SaaS) product with limited customisation



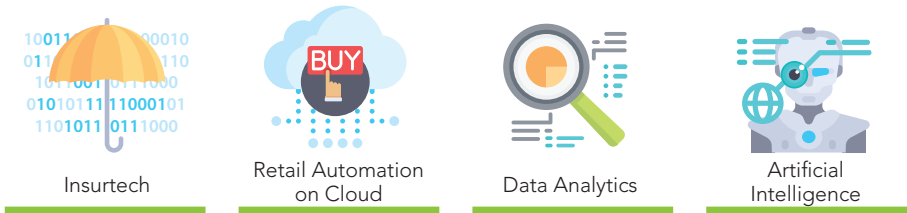
## Our Business

### Business Innovation (cont'd)

#### Fintech Innovation Accelerator Initiatives

As a trusted partner with digital economy propositions, the Group is committed to be innovative and responsive to our customers' needs.

The initiatives below are undertaken through in-house research and development, product development, collaboration with external parties and strategic acquisitions. The innovation strategy, funding and its progress are continuously reviewed as part of the agenda in the quarterly business review.



In addition to creating new solutions to match industry trends, we work collaboratively with our customers to develop and enhance technologies that focus on solving business problems. Of the 50 innovations in our Research and Development ("R&D") development pipeline, more than 50% are ready for the market and several products have been implemented with our customers. They include:

1. TrueSight Claims Management Filter ("CMF"), Merimen's Artificial Intelligence ("AI")-based analytics Software-as-a-Service ("SaaS") offering for Insurers. This product is currently being used by two customers in Indonesia and Malaysia. TrueSight CMF provides real-time AI assistance to claim managers, empowering them to process claims more efficiently, reduce claim cost, and help prevent potential fraud.
2. Cyber Village's ("CBV's") Mobile Onboarding with Biometric Facial Recognition capability – Used by a large Malaysian-based bank. This solution enabled the bank to successfully perform mass onsite account opening and onboarding for foreign workers by leveraging on facial biometric authentication application for Electronic Know-Your-Customer ("eKYC").

While the Group will unceasingly develop promising and advanced technologies which are complementary to our businesses, our R&D places a high emphasis on solutions that are jointly envisioned with our customers and partners to ensure each solution is built with leading technologies capable of delivering rapid and effective changes, thus making each product commercially viable from the point of ideation.

Moving ahead, we aspire to cultivate a strong innovative culture within the Group and nurture an entrepreneurial environment within the organisation. We will constantly look out for emerging technologies and assess their application in our solutions and the business.





## Our Business Management Approach

We are committed to the success of our business through financial profitability, strong governance, data protection and continuous business innovation.

As the digital sphere is an open field, we acknowledge the importance of staying abreast with technological advancement to capitalise on opportunities and improve efficiency.

### Policies, practices and principles

- **Accounting policies**

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

The preparation of financial statements in conformity with IFRSs also requires management to exercise its judgement in the process of applying the Group's accounting policies. Kindly refer to the consolidated financial statements on page 98 onwards for further details.

- **Corporate Governance principles**

The Group complies with the principles and guidelines as set out in the Code of Corporate Governance 2012 and Mainboard Listing Manual of the Singapore Exchange Securities Trading Limited.

- **Code of Conduct**

Our Code of Conduct addresses the standard of business ethics of confidentiality, conflict of interests, fair dealing, anti-corruption, fraud and transparency. Please refer to page 28 for further insights.

- **Risk management**

Risk management is an essential part of the Group's business planning and monitoring process. The Group has adopted a Group Risk Management 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.

We believe in the importance of maintaining a sound system of risk management and internal controls to safeguard stakeholders' interest and the Group's assets. Please refer to Principle 11 of the Corporate Governance Statement on pages 69 to 70.

- **Privacy Policy**

The policy defines how Silverlake Axis strives for compliance with PDPA and practices a high level of data protection throughout the Group. Further information on our policy can be found on page 33 of this report.

### Monitoring and control systems

- **Financial reporting and planning**

The Group's financial development and achievement of financial objectives are monitored through financial reporting, planning and budgeting of the entire Group.

- **Compliance**

We conduct compliance-related trainings from time to time to ensure that our employees are familiar with the fundamental laws and regulations applicable to the business as a whole.

- **Whistle-blowing Policy**

The Whistle-blowing Policy aims to provide a channel for employees to raise concerns in good faith and in confidence, without fear of reprisals. Further details can be found on page 28.

- **Data protection and security measures**

The Group has appropriate technical, administrative and physical procedures in place to prevent unauthorised access, collection, use, disclosure, copying, modification, disposal or similar risks to personal information in its possession. Retention period of these data are in compliance with local regulations. These data are only disclosed to third parties if it is required by law.

- **Innovation planning and review**

Any strategy, funding and progress related to innovation initiatives will be reviewed as part of the agenda in the quarterly business review. For strategic investments, these will be brought up to the Strategic Investment Committee.

### Programme, projects and Initiatives

Innovation initiatives are undertaken through our in-house research and development team, product development team, collaboration with external parties and strategic acquisitions.

### Responsibilities and resources

- Strategic Investment Committee
- Group Managing Director
- Group Finance
- Group Strategy
- Legal and Compliance
- Personal Data and Privacy Act ("PDPA") Committee



## Our People

### Employee Management

We recognise the importance of employing the right talent for the right job to deliver high quality innovative solutions and services. Managing our employees has been part and parcel of our day-to-day operations. The overall objective is to retain, motivate and empower employees to meet the strategic goals of the Group. Our policies and procedures are structured to promote fair remuneration, diversity, reward and recognition for performance, work-life balance and career growth.

#### Project Starlight

As part of our Employee Management strategy, the Group is presently undergoing a People and Organisational Transformation programme via Project Starlight. Project Starlight focuses on four strategic initiatives namely Succession Planning, Talent Management, Talent Development and Compensation and Benefits. This project commenced in FY2018, and is expected to be completed in 3 years.



#### Our Talent Management

Employees' data presented in this report are compiled through the Group Human Resource processes and systems.

Our workforce consists of 1,347 employees in FY2018 and 1,275 employees in FY2017. Diagram 6 depicts the breakdown of our employees for both FY2018 and FY2017.

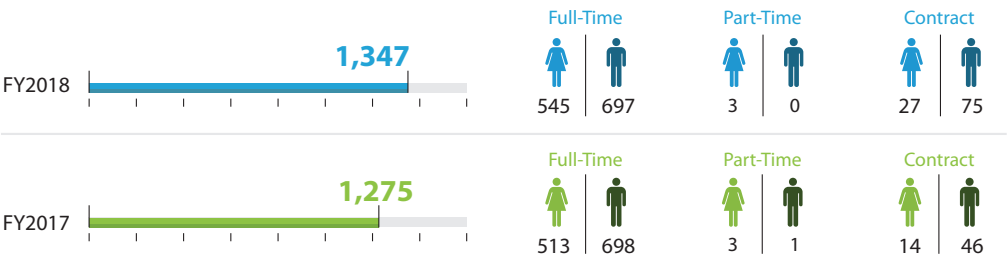


Diagram 6: Number of employees

Local hiring brings about the advantage of understanding the local market needs better, which in turn, accelerates our competitiveness through customisation and localisation of our software solutions. Furthermore, local hiring supports the local socio-economic development which helps boost the national economy. Hence, we emphasise the need to provide local job opportunities where possible. As depicted in Diagram 7, we have recorded 93% of local hiring in both FY2018 and FY2017.

The Group participates in various career fairs, university talks and networking sessions to expand our talent pipeline and further enhance employer branding. The process of sourcing for potential candidates up to on-boarding of an employee is carefully executed to ensure the right talents are attracted and are able to fit into the Group. Our internship recruitment is an on-going initiative which strives to provide students the opportunity to apply their classroom knowledge and equip them with invaluable on-the-job experience.

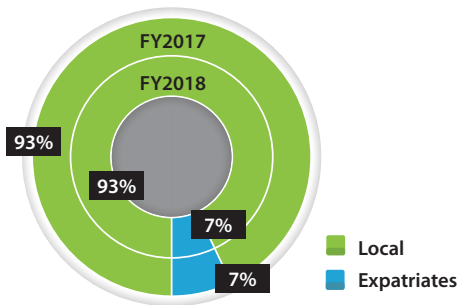


Diagram 7: Percentage of local employees



# Our People

## Employee Management (cont'd)

### Fintech Internship Programme

In FY2018, we continued our Fintech Internship Programme to feature a different set of business cases in the financial services industry.

The selection process started from early in the year by working with our programme partners in Singapore. Three students from National University of Singapore (“NUS”) were selected based on their career preference, academic track record and the requirements of the internship projects.

Guided by Silverlake Axis mentors, the interns embarked on a 10-week journey to complete handpicked tasks assigned to them, developing their insights on the financial services industry while challenging their abilities to cope with real-life situations. Here are some of the achievements during their internship programme:

- Researched impact and potential of digital disruption to retail and corporate banking
- Applied advanced analytics to combat insurance fraud and improve claims’ efficiency
- Developed go-to-market strategy for new solution launches in new locations
- Transformed investor communication collaterals

The interns were encouraged to learn from the industry leaders and participate in regional platforms such as Innovation Unbound and E27 Echelon. Part of the programme included a visit to Silverlake Axis’ Head Office and subsidiaries in Malaysia to present their projects and interact with senior management of the Group.

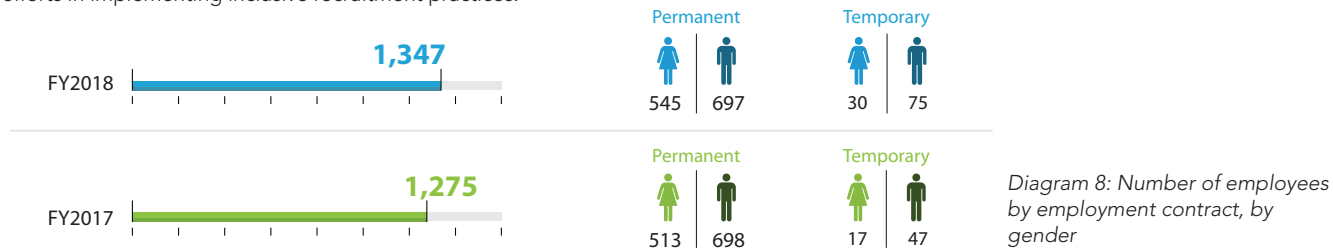
### New Minds. Fresh Thinking

The Group’s Fintech Internship Programme provided interns with a platform to learn beyond textbooks and classrooms as they were exposed to the real world of fintech-insurtech disruption, business collaborations and learn the value of technology in the digital ecosystems that connect business and customers. Through the lens of the interns, the Group was able to understand the changing mindset of the next-gen workforce on how they create, adapt and thrive in tomorrow’s working world. The Group is committed towards continuous innovation and proud to be part of the journey in developing a sustainable workforce for the community and will continue our endeavours in nurturing the young and grooming the future technology leaders.

### Employee Metrics

We believe a diverse and balanced working group will harness a wider range of perspectives and optimise productivity. Additionally, age diversity is a crucial element in succession planning to provide our people with befitting experience and competencies and the opportunity to rise up the ranks in our organisation.

The employee metrics below cover both our workforce composition and the changes in workforce based on age and gender, reflecting our efforts in implementing inclusive recruitment practices.





# Our People

## Employee Management (cont'd)

### Employee Metrics (cont'd)

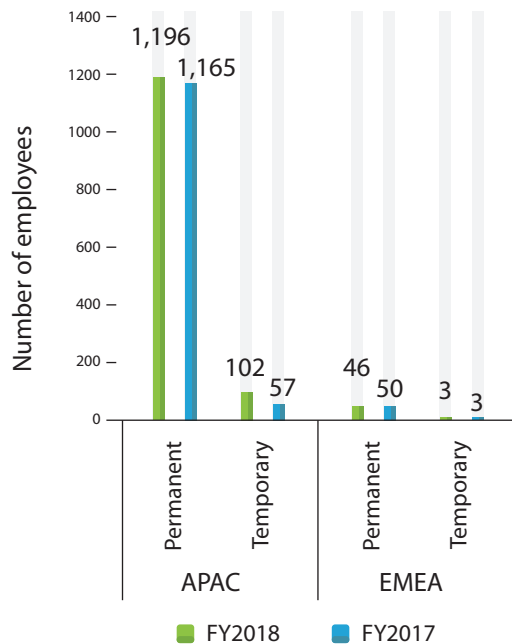


Diagram 9: Number of employees by employment contract by region

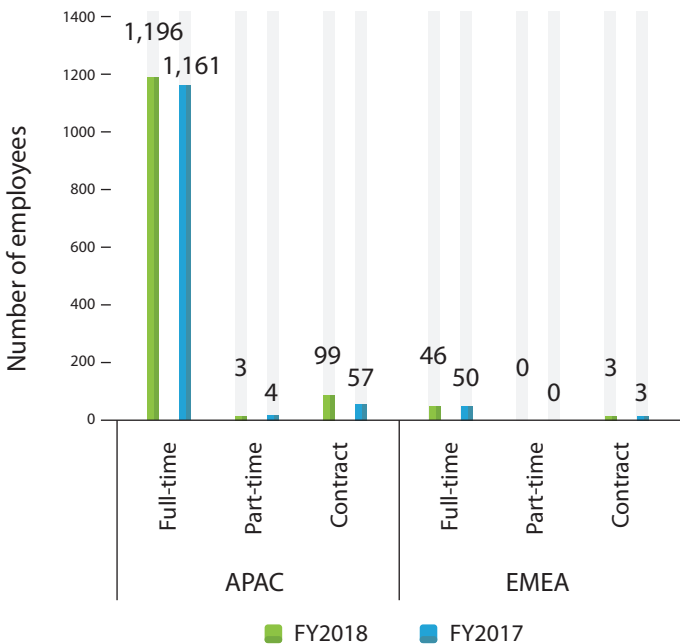


Diagram 10: Number of employees by employment type by region

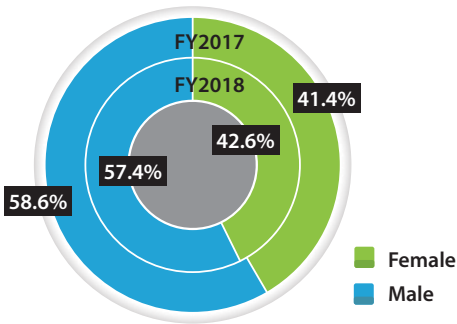


Diagram 11: Gender diversity

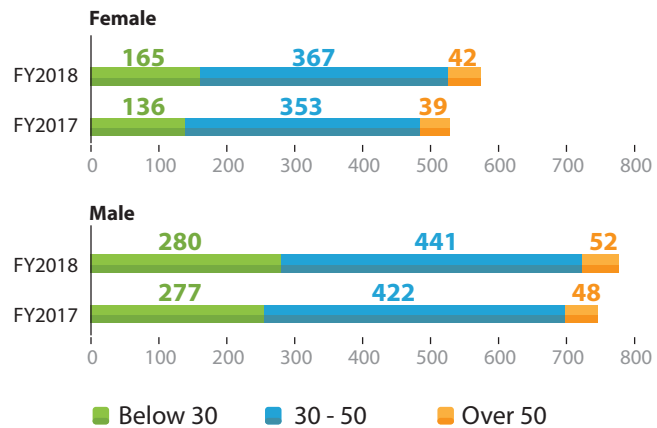


Diagram 12: Age diversity



# Our People

## Employee Management (cont'd)

### Employee Metrics (cont'd)

	Age Group			Gender		Region	
	Below 30	30 - 50	Over 50	Female	Male	APAC	EMEA
<b>New Hires</b>							
Number of employees	131	118	13	122	140	262	0
Percentage of employees	9.7%	8.8%	1%	9.1%	10.4%	20.2%	0%
<b>Turnover</b>							
Number of employees	101	82	7	77	113	186	4
Percentage of employees	7.5%	6.1%	0.5%	5.7%	8.4%	14.3%	8.2%

Table 5: Number and rate of Silverlake Axis' new hires and employee turnover for FY2018

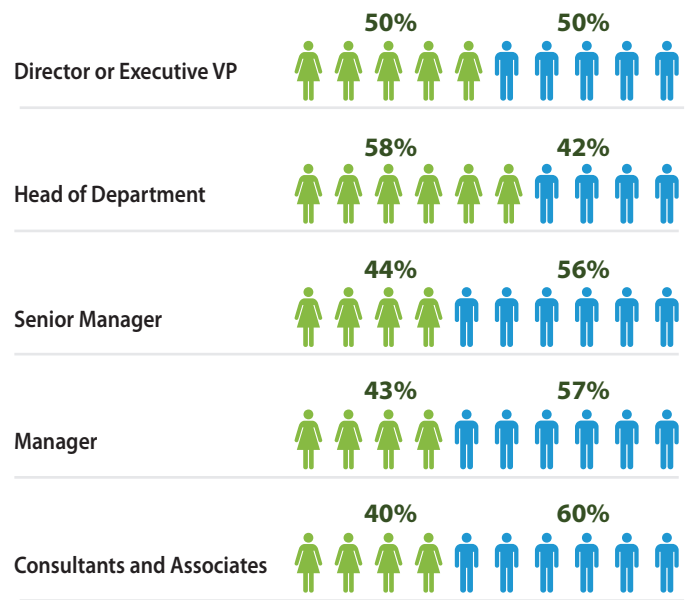


Diagram 13: Composition of management by gender for FY2018

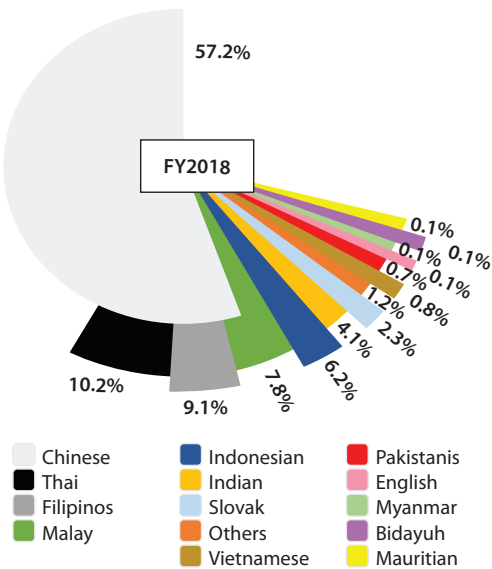


Diagram 14: Ethnic diversity for FY2018





## Our People

### Employee Management (cont'd)

#### Work-life Priority

We encourage our employees to strike the right balance between career and family. Employees who are able to achieve this balance are highly motivated and less stressed at work. This helps to increase productivity and reduce the number of conflicts among co-workers, management and with customers.

We strongly promote a family-friendly working environment at Silverlake Axis. We have instituted policies and programmes to assist our employees in pursuing a balanced lifestyle. Childcare flexible working hours are offered to parents who pick up or drop off their children at school. Moreover, our employees are also allowed to take time off or work remotely in the event of any emergencies.

As depicted in Diagram 15, our programmes focus on stress-relieving, team rapport building, volunteering, and associations and clubs within the organisation.



#### Sports Sessions

We believe exercising is one of the most effective ways to reduce stress. Silverlake Axis organises jogging as well as badminton sessions on a weekly basis.



#### Team Outing

We also encourage team building through well planned outings and networking sessions. Such sessions can boost employee morale and increase working synergy.



#### CSR Programme

We contribute to and participate in various non-profit community initiatives through the involvement of our employees as well as management in their respective capacities.

Diagram 15: Work-life priority programmes

# Coding as a Life Skill

In March 2018, Silverlake Axis embarked on its first group-wide CSR programme 'Coding as a Life Skill', aimed at stimulating youth's interest, equipping them with basic skills and developing self-learning. Web and mobile applications development, concepts along with hands-on exercises were the focus of the programme. This programme was conducted over a 4-month period, across 4 countries – Malaysia, Philippines, Singapore and Vietnam, each led by employees from the various subsidiaries – Cyber Village, Silverlake Symmetri Group, Silverlake Structured Services and Merimen Group respectively.



## Dates:

3-day programme, held between 15 to 31 May 2018.

## Programme Overview:

Conducted at SMK (P) Methodist Klang, the first two days sessions were on step-by-step guides and tutorials on how to use MIT App Inventor (an open source tool by Google) to create a simple mobile application game.

The programme also aimed at familiarising participants with all components, syntax and logic of mobile game creation. On the last day, all participants were challenged to incorporate the knowledge they learnt from the first two days' sessions to finalise and complete their mobile game.

## Student Background:

Secondary Form 1 – Form 5 students with zero programming knowledge to beginner level.



General introduction by Cyber Village trainers on the basic components and the MIT Scratch Tool.



Trainers guiding the students to manoeuvre around the platform and explore the functions.



The students giving their full attention on how the Ninja Game works.



Trainer showing the students where to drag the codes to achieve a specific effect in order to complete their game.

## Overall Feedback:

Many positive comments were received from the students, and they praised the Cyber Village trainers as sporting and approachable, including recommending the workshop to their schoolmates. Some of the students even told the team that they wish to pursue a career in programming in the future.





**Silverlake Symmetri Group**  
@ PHILIPPINES

#### Dates:

3-day programme, 2 sessions, held between 23 to 30 April 2018.

#### Programme Overview:

Conducted for 2 high schools, Dr. Juan G. Nolasco Highschool in Pasig and San Joaquin Kalawaan Highschool in Manila. Students were introduced to web development using HTML programming language. The two 3-day programme also included:

- Introduction to Computers and its applications in various industries, and mini career talk.
- Hands-on training on coding, applying various techniques to modify content and display.

▼ Trainer sharing advice on website building.



▼ General introduction by Silverlake Symmetri's trainer regarding the programme.



▼ Students forming teams and deciding on a group name.



▼ Students having the well-liked Jollibee meal during their break.



▲ Students going on an office tour to interact and understand developers' day-to-day jobs.

#### Overall Feedback:

The workshop was a resounding success judging from feedback received from students and teachers who accompanied them and from the actual output these students produced. With just barely two and a half days, their website creations were impressive.

The participating schools hope that this activity becomes an annual event. They feel that their students sorely lack such exposure and see huge positive impact to their students. They have sent their warm appreciation to Silverlake Axis' management.



**Silverlake Structured Services**  
@ SINGAPORE

#### Dates:

1-day programme, held on 30 June and 7 July 2018.

#### Programme Overview:

Conducted at Darul Ihsan Orphanages, students were introduced to web development using HTML programming language by trainers from Silverlake Structured Services. Students were taught programming basics and experienced hands-on exercises to build their own website.

#### Students background:

A mix of higher Primary school students (Pr 5-6) and lower Secondary school student (Sec 1-2) with exposure to computers for eLearnings and assignments.

#### Overall Feedback:

The students and caretakers were fascinated with the applications of programming. They were delighted that Silverlake Axis spent time with their children to expand their usage of computers apart from gaming.



Trainers using examples to better explain concepts, such as a human body alike to a webpage structure and make-up to webpage style sheets.



Assorted curry puffs and local delights being served during break time.



Silverlake Structured Services' trainer kicking off the programme with an opening address about Silverlake Axis and its group of companies.



All hands-on deck: Volunteers going around to guide students during their hands-on exercises.





## Coding as a Life Skill (cont'd)



**Merimen Group**  
@ VIETNAM

### Dates:

3-day programme, 2 sessions held between 3 to 5 May 2018.

### Programme Overview:

Conducted at Hùng Vương University in Ho Chi Minh City, the two 3-day programmes were aimed to introduce web development and programming basics to students. It also covered different components of web programming and its usage.

### Students Background:

Students with little or zero exposure to programming.

### Overall Feedback:

The Dean of Information Technology Faculty, Professor Le Manh Hai, dropped by one of the sessions and complimented Silverlake Axis' effort on teaching skills to all students. He shared that he was aligned with Silverlake Axis' direction that all students should be given equal opportunities to learn and is keen to work with the Group to conduct more classes annually.

Professor Le Manh Hai even suggested to alter the school's curriculum to fit the needs of Silverlake Axis, so students can take up internships and jobs within the company.



Even the teacher was a keen participant of the programme, she actively worked on given exercises and sought help from the trainers.



▲ Students enjoying themselves while the interactive training sessions were going on.



▲ Merimen's trainer supporting the trainers from Malaysia by translating their teachings into Vietnamese.



▲ Students being guided to troubleshoot programming errors.





## Our People

### Employee Management (cont'd)

#### Employee Benefits

The benefits provided to our employees are a key driver of employee satisfaction. We offer our employees competitive remuneration packages consistent with their performance, experience and responsibilities. The benefits listed in Table 6 are for our full-time employees based on significant locations of operations, namely Malaysia and Singapore. As we progress, we will enhance and realign our remuneration packages throughout the Group commensurate to that of the industry average as envisioned in Project Starlight.

Type of benefit	Description
<b>MALAYSIA</b>	
<b>Leaves</b>	Annual, parental, marriage, childcare, compassionate, sick and hospitalisation
<b>Medical</b>	Outpatient, hospitalisation, maternity and dental coverage
<b>Insurance</b>	Group term life and group personal accident
<b>Travel</b>	Business travel, accommodation, per diem, renewal of passport, telephone charges, mileage claims, office parking, outstation claims, and taxi claims
<b>Allowances</b>	Overtime, meal, winter clothing, station at side, broadband, travel, transportation, entertainment and support allowance
<b>SINGAPORE</b>	
<b>Leaves</b>	Annual, parental, marriage, childcare, compassionate, study, sick and hospitalisation
<b>Medical</b>	Outpatient, hospitalisation, maternity and dental coverage
<b>Insurance</b>	Group term life and group personal accident
<b>Travel</b>	Business travel, accommodation, per diem, renewal of passport, telephone charges, mileage claims, office parking, outstation claims, and taxi claims
<b>Allowances</b>	Overtime, meal, winter clothing, station at side, broadband, travel, transportation, entertainment and support allowance

Table 6: Benefits to full-time employees

#### Parental Leave

All of our permanent employees can claim for parental leave which includes both maternity and paternity leaves. Eligible working mothers are entitled to 60 days of maternity leave. Meanwhile, paternity leave entitlement differs for our operations in Malaysia and Singapore. In Malaysia, eligible working fathers are entitled to 1 day of leave, whereas in Singapore, consistent with the Government-Funded Paternity Leave, they are entitled to 2 weeks of leave.

In FY2018, 70 of our employees took the aforementioned leave with a 100% return rate. Diagram 16 shows the number of employees who took parental leave for both FY2018 and FY2017.

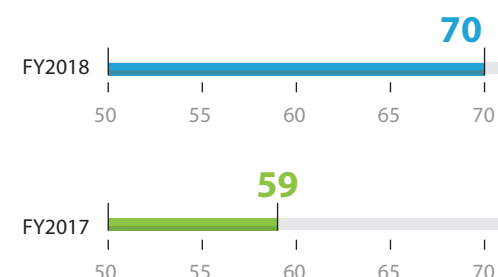


Diagram 16: Number of employees that took parental leave



## Our People

### Training and Education

#### Talent Development

The disruption in the technological and digital sphere has created an increasing need to adapt and acquire new technical competencies. Continuous and systematic development of our employees is crucial for our success. Consequently, we ensure our employees acquire the right skills to successfully perform tasks allocated.

As part of our overall commitment to Talent Development, we have established a Training and Development Policy since 2008 which serves as a guide to our development and performance improvement strategies for permanent employees and the organisation as a whole.

The objective of our Group's training and development programmes are:

- To enhance the competency level in terms of skills and knowledge in order to maximise job performance and productivity;
- To develop high potential employees and to prepare them for future job requirement; and
- To mould resultant behaviour which will lead to achievement of the job standard and eventually give rise to the attainment of the corporate direction.

Training and development programmes are conducted through on-the-job learning, in-house and external trainings. Employees may obtain recommendations for any additional training and development programmes from their respective Department Heads. The application will then be submitted to the Human Resource Department ("HR") for further approval.

In FY2018, we have invested in 2,504 hours in trainings, with an investment of RM235,528, as compared to 2,177 hours amounting to RM111,968 in FY2017, Diagram 17 below shows the average training hours per employee by gender.

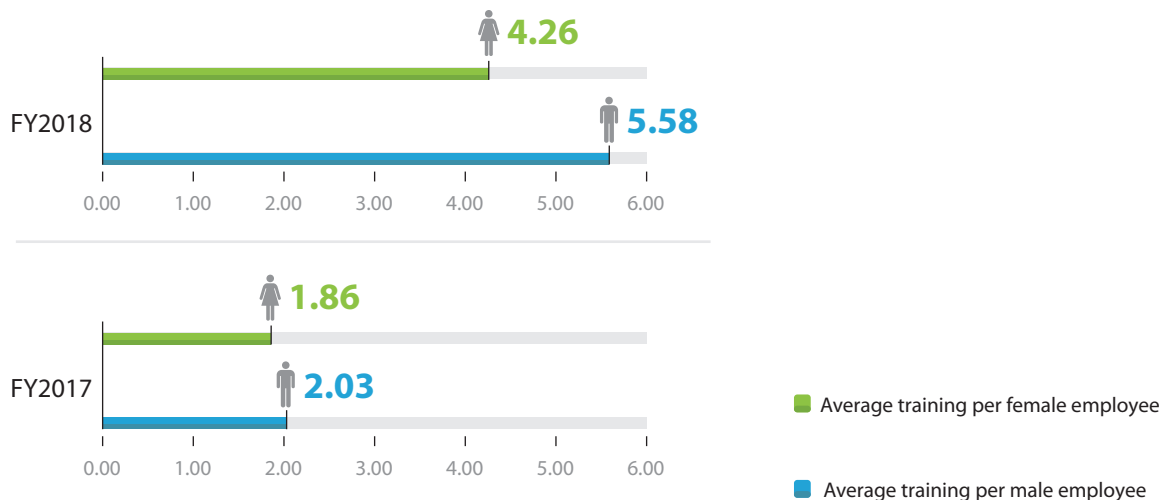


Diagram 17: Average training per employee by gender



## Our People

### Training and Education (cont'd)

Our training and development programmes are focused on the core areas as shown in Table 7.

Core Areas	Description
Programming Language	Upskill employees' programming language, i.e. RPG, Java, and Cobol.
Regulatory Compliance	Ensure regulatory compliance by attending seminars, conferences, or workshops in relation to Transfer Pricing, Goods and Services Tax ("GST"), Budget, Tax, and Malaysian Financial Reporting Standards ("MFRS").
Basic computer skills	Strengthen the basic computer skills especially in Microsoft Excel.
Business English	Enhance employees' business writing and presentation skills.
ISTQB Course	International Software Testing Qualifications Board ("ISTQB") Certified Tester Foundation Courses.

Table 7: Core training areas

### Performance Appraisal Process

Performance appraisal is conducted annually to assess an employee's actual performance relative to the work standards and expectations. This involves a two-way communication between the immediate superior and the employee to express expectations and appraise past performance for continuous improvement. The Group's performance appraisal process is illustrated in Diagram 18.

For the period under review, 99% of our employees have received a performance appraisal.



Diagram 18: Performance appraisal process



## Our People

### Management Approach

Silverlake Axis aims to be an attractive employer that advocates work-life balance. Nevertheless, we aim to challenge our employees and pique their interest at work to continuously provide opportunities for development. We manage our employees through several initiatives such as our employee welfare, rewards and remuneration efforts, people development and continuous employee engagement.

#### Policies, practices and principles

- **Code of Conduct and Employee Handbook**  
Reference is made to the Ethical Business Conduct section on page 28.
- **Human Resources (“HR”) management guidelines**  
We ensure we are in compliance with the relevant labour laws, at a minimum. Our HR management hinges on our Core Values and the Code. We have adopted a systematic and fair grading remuneration structure to attract and motivate our employees.
- **Training Policy**  
The policy provides guidelines for systematic planning of performance improvement strategies to obtain the maximum value from the investment in staff trainings. The Department Heads will assess and identify the employees’ development needs through discussions with their Project Managers. They will then compile and submit the employee training requirement of the department via the Training Needs Analysis Form to the HR Department at the beginning of each calendar year.

- **Open Door Policy**  
We encourage our employees to ask questions, voice concerns, and make appropriate suggestions regarding the business practices of the Group. Employees are expected to report promptly to management, of suspected violations of the law and the Group’s policies, and internal controls. Appropriate corrective actions will be taken against these reports.
- **Performance Appraisal Policy**  
This policy guides the organisation to carry out systematic performance appraisals. It also underlines the steps to manage underperforming employees and probationers. The performance appraisal process is detailed on page 49.

#### Monitoring and control systems

- **Performance appraisal**  
We conduct annual performance appraisals to review and assess our employee’s job performance and overall contribution to the Group relative to work standards and expectations. Capitalising on this feedback, our employees will be able to continuously improve and develop their key competencies and relevant skill sets.
- **Grievance mechanism**  
Reference is made to the Whistle-blowing section on page 28.

#### Programme, projects and Initiatives

- **Project Starlight**  
Project Starlight is a people and organisational transformation initiative aimed at streamlining and improving the employee management system at Silverlake Axis. This project involves four stages: Discovery, Jobs Management Foundation, Strategic Initiatives and Ongoing Process Improvement. Further details on this initiative can be found on page 38.

#### Responsibilities and resources

- People and Organisation
- Head of Subsidiaries
- HR Departments



# Our Stewardship

## E-waste

Electronic waste or e-waste is a common form of environmental concern in our industry. It poses huge problems when it is not properly managed and disposed of, as these devices contain substances that are harmful to the environment and to human health. They also go on to contaminate our land, water, and air.

In response, Silverlake Axis has recently established an E-waste Policy to facilitate our in-house e-waste management. The policy aims to foster sustainable development culture and practices within the Group through environmentally sound management of e-waste which will eventually reduce operational cost and negative environmental impact.

We made reference to several internationally accepted guidelines in formulating this policy:

- Basel Convention's Partnership for Action on Computing Equipment ("PACE")
- International Telecommunication Union ("ITU") End-of-life ("EOL") Management for ICT equipment toolkit
- United Nation Environmental Programme ("UNEP") E-Waste Inventory Management Manual
- Waste Electrical and Electronic Equipment Directive ("WEEE Directive") by the European Commission

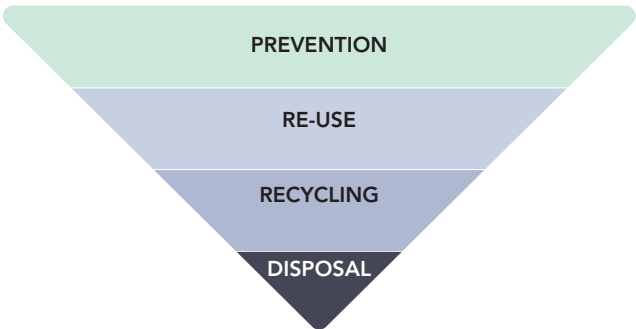


Diagram 19: Waste management hierarchy

Prevention is always the preferred way to avoid the generation of waste from source. The Group advocates the same, thus all in-house used or faulty electronic equipment are recommended to go through a functionality test to assess usability and suitability before being categorised as waste.

Core Areas	Description
Re-use	<ul style="list-style-type: none"><li>• Subsidiaries which have e-waste for re-use can choose to sell or donate it to vendors, charities or individuals who will be re-using these e-waste for the same purpose it is intended for.</li></ul>
Recycling	<ul style="list-style-type: none"><li>• Subsidiaries can send their e-waste for recycling whereby discarded electrical or electronic equipment or components are used as raw materials for other electrical or electronic equipment.</li><li>• Recycling must be done by established recycling facilities or scrap vendors which have proper process and safety measures to recycle, recover, or incinerate e-waste which may contain hazardous material.</li></ul>
Disposal	<ul style="list-style-type: none"><li>• Subsidiaries with e-waste that are at end-of-life and ready for disposal shall engage disposal service providers or facilities to assist in the disposal and proper destruction of these discarded electrical or electronic equipment.</li><li>• Disposal must be done by established disposal service providers or facilities which have proper processes and safety measures to dismantle, segregate, smelter, incinerate and manage downstream e-waste.</li></ul>

Table 8: Silverlake Axis' approach on e-waste management





## Our Stewardship

### E-waste (cont'd)

To ensure ultimate data protection from our e-waste, all data will be completely and permanently erased prior to re-use, recycling and disposal. Good practices in the storage of e-waste is also emphasised in the policy for security, data protection and occupational health and safety purposes.

Going forward, we strive to enhance our reporting scope as well as measurement of performance indicators disclosed as we progress.



## Management Approach

E-waste is now one of the fastest growing and most hazardous waste stream to tackle. The Group looks into managing e-waste through reusing, recycling, responsible disposal as well as through our E-waste Policy.

### Policies, practices and principles

- **E-waste Policy**  
We have established our E-waste Policy in FY2018 to streamline our in-house e-waste management as aforementioned in pages 51 to 52.

### Monitoring and control systems

Each subsidiary is required to keep a record of their e-waste management, including the monitoring of the following information:

- Type of e-waste
- Date of write off
- Reason
- Name of individual/vendor/company receiving the e-waste (subsidiaries must keep a record on the selection and reasons for selection)
- Amount received or paid (if any)

### Responsibilities and resources

- Information Technology
- Office Administrative

# GRI Content Index

GRI Standards	Disclosure	Page(s) and/or URL(s) reference and reason for omission if applicable	
General Disclosures			
GRI 102: General Disclosures 2016	Organisational Profile		
	102-1	Name of the organisation	Cover page
	102-2	Activities, brands, products, and services	06-07
	102-3	Location of headquarters	<a href="http://www.silverlakeaxis.com/about-us/contact-us.html">http://www.silverlakeaxis.com/about-us/contact-us.html</a>
	102-4	Location of operations	137-140, 196 <a href="http://www.silverlakeaxis.com/about-us/contact-us.html">http://www.silverlakeaxis.com/about-us/contact-us.html</a>
	102-5	Ownership and legal form	98
	102-6	Markets served	03, 06-07, 09
	102-7	Scale of the organisation	03, 06-07, 09, 18-24, 38
	102-8	Information on employees and other workers	Most employees are full-time as disclosed in pages 38-41.
	102-9	Supply chain	35
	102-10	Significant changes to the organisation and its supply chain	08 However, no impact on the supply chain as disclosed in page 34
	102-11	Precautionary Principle or approach	27, 69-70
	102-12	External initiatives	43-46, 51
	102-13	Membership of associations	We are a corporate member of the Singapore Institute of Directors.
	Strategy		
	102-14	Statement from senior decision-maker	04-05
	Ethics and integrity		
	102-16	Values, principles, standards, and norms of behaviour	03
Governance			
102-18	Governance structure	10-13, 27	

## GRI Content Index (cont'd)

GRI Standards	Disclosure	Page(s) and/or URL(s) reference and reason for omission if applicable
<b>General Disclosures</b>		
<b>GRI 102: General Disclosures 2016</b>	<b>Stakeholder engagement</b>	
	102-40 List of stakeholder groups	29
	102-41 Collective bargaining agreements	Not applicable as Silverlake Axis is not a unionised company.
	102-42 Identifying and selecting stakeholders	29
	102-43 Approach to stakeholder engagement	29
	102-44 Key topics and concerns raised	29-30
	<b>Organisational Profile</b>	
	102-45 Entities included in the consolidated financial statements	09, 137-140, 144, 147
	102-46 Defining report content and topic Boundaries	26, 31
	102-47 List of material topics	31
	102-48 Restatements of information	Not applicable as this is our inaugural Sustainability Report.
	102-49 Changes in reporting	Not applicable as this is our inaugural Sustainability Report.
	102-50 Reporting period	26
	102-51 Date of most recent report	Not applicable as this is our inaugural Sustainability Report.
	102-52 Reporting cycle	26
	102-53 Contact point for questions regarding the report	26 <a href="http://www.silverlakeaxis.com/about-us/contact-us.html">http://www.silverlakeaxis.com/about-us/contact-us.html</a>
	102-54 Claims of reporting in accordance with the GRI Standards	26
	102-55 GRI content index	53-56
	102-56 External assurance	26

## GRI Content Index (cont'd)

GRI Standards	Disclosure		Page(s) and/or URL(s) reference and reason for omission if applicable
Material Topics			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31-34
	103-2	The management approach and its components	37
	103-3	Evaluation of the management approach	32, 37 Silverlake Axis has validated and evaluated the management approach. No changes or adjustments required for FY2018.
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	32
Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 51
	103-2	The management approach and its components	52
	103-3	Evaluation of the management approach	52 Silverlake Axis has validated and evaluated the management approach. No changes or adjustments required for FY2018.
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Not applicable as we will implement e-waste management for FY2019 onwards.
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 38
	103-2	The management approach and its components	50
	103-3	Evaluation of the management approach	41, 47, 50 Silverlake Axis has validated and evaluated the management approach. No changes or adjustments required for FY2018.

## GRI Content Index (cont'd)

GRI Standards	Disclosure		Page(s) and/or URL(s) reference and reason for omission if applicable
Material Topics			
Employment (cont'd)			
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	38-41
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	47
	401-3	Parental leave	47 Employee movement and retention rates for employees who took parental leave will be collated in FY2019.
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	48-49
	103-2	The management approach and its components	50
	103-3	Evaluation of the management approach	48-50 Silverlake Axis has validated and evaluated the management approach. No changes or adjustments required for FY2018.
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	48
	404-2	Programmes for upgrading employee skills and transition assistance programmes	49 For transition assistance programme, this is not applicable as Silverlake Axis does not offer any such programmes.
	404-3	Percentage of employees receiving regular performance and career development reviews	49
Customer Privacy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	31, 33
	103-2	The management approach and its components	37
	103-3	Evaluation of the management approach	33, 37 Silverlake Axis has validated and evaluated the management approach. No changes or adjustments required for FY2018.
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	33

# 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 sets out the Company’s corporate governance practices that were in place during the financial year ended 30 June 2018 (“FY2018”), and takes into consideration the following Board renewal and governance initiatives announced on 25 June 2018 and became effective on 1 July 2018:

- Appointment of Mr. Ong Kian Min as Lead Independent Director,
- Appointment of Mr. See Chuang Thuan and Mr. Voon Seng Chuan as Directors,
- Establishment of Strategic Investment Committee,
- Renaming of Audit Committee as Audit and Risk Committee (“ARC”), and
- Board and Board Committees composition changes, as set out below:

Director	Board	Audit and Risk Committee	Remuneration Committee	Nominating Committee	Strategic Investment Committee
Goh Peng Ooi	Chairman	-	-	Member	-
Dr. Kwong Yong Sin	Member	-	-	-	-
Goh Shiou Ling	Member	-	-	Member <sup>(1)</sup>	-
Ong Kian Min	Member	Chairman	Member	Chairman	-
Professor Tan Sri Dato’ Dr. Lin See Yan	Member	Member <sup>(1)</sup>	Chairman <sup>(1)</sup>	Member	Chairman <sup>(2)</sup>
Lim Kok Min	Member	Member	Member	Member	-
Datuk Sulaiman bin Daud <sup>(3)</sup>	Member <sup>(1)</sup>	-	-	Member <sup>(1)</sup>	-
Tan Sri Dato’ Dr. Mohd Munir bin Abdul Majid	Member	Member	Chairman <sup>(2)</sup>	Member <sup>(1)</sup>	-
Datuk Yvonne Chia	Member	Member <sup>(2)</sup>	Member	Member	-
See Chuang Thuan	Member <sup>(2)</sup>	-	-	-	Member <sup>(2)</sup>
Voon Seng Chuan	Member <sup>(2)</sup>	-	-	-	Member <sup>(2)</sup>

<sup>(1)</sup> Until 30 June 2018

<sup>(2)</sup> With effect from 1 July 2018

<sup>(3)</sup> Datuk Sulaiman bin Daud stepped down as a Director with effect from 30 June 2018

The Board is pleased to report that the Company has complied with the principles and guidelines as set out in the Code of Corporate Governance 2012 (the “Code”) and Mainboard Listing Manual of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) (the “Listing Manual”) except where otherwise stated together with the explanations therein, as listed below:

- Guideline 4.4: Commitment of Directors with Multiple Board Representations
- Guideline 8.4: Contractual Provisions to Reclaim Incentive Components of Remunerations

## 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.**



**Principle 1: The Board's Conduct of Affairs (cont'd)****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 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 strategies 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 and Risk Committee ("ARC"), Remuneration Committee ("RC"), Nominating Committee ("NC") and Strategic Investment Committee ("SIC"), 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 prior to each financial year end to ensure maximum attendance by all participants.

The number of Board and Board Committee meetings held during FY2018 and the attendance of Directors at the meetings are as follows:

	No. of meetings attended in FY2018 <sup>(1)</sup>				
	Board	ARC <sup>(2)</sup>	RC	NC	SIC <sup>(3)</sup>
<b><u>Executive Director</u></b>					
Goh Peng Ooi	4/4	-	-	4/4	-
Dr. Kwong Yong Sin	4/4	-	-	-	-
Goh Shiou Ling	4/4	-	-	4/4	-
<b><u>Non-Executive Director</u></b>					
Ong Kian Min	4/4	4/4	3/3	4/4	-
Professor Tan Sri Dato' Dr. Lin See Yan	4/4	4/4	3/3	4/4	-
Lim Kok Min	4/4	4/4	3/3	4/4	-
Datuk Sulaiman bin Daud <sup>(4)</sup>	4/4	-	-	4/4	-
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	4/4	4/4	-	4/4	-
Datuk Yvonne Chia	4/4	-	3/3	4/4	-
See Chuang Thuan <sup>(5)</sup>	-	-	-	-	-
Voon Seng Chuan <sup>(5)</sup>	-	-	-	-	-

<sup>(1)</sup> Represent meetings attended in FY2018 before the Board and Board Committees composition changes on 1 July 2018.

<sup>(2)</sup> Audit Committee was renamed as ARC with effect from 1 July 2018.

<sup>(3)</sup> SIC was established with effect from 1 July 2018.

<sup>(4)</sup> Datuk Sulaiman bin Daud stepped down as a Director with effect from 30 June 2018.

<sup>(5)</sup> Mr. See Chuang Thuan and Mr. Voon Seng Chuan were appointed as Directors and members of SIC with effect from 1 July 2018.

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

### **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 the 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 fulfil their roles as Board members and Board 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. Trainings attended by Directors include, amongst others, MSCD4-Leading from the Chair: What it takes to be Effective, ACRA-SGX-SID Audit Committee Seminar 2018, Director's Financial Reporting Essential and SID Directors Conference 2017.

## Principle 2: Board Composition and Guidance

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

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

The NC 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. The Board comprises ten members, of which three are Executive Directors and the remaining seven 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, Datuk Yvonne Chia, Mr. See Chuang Thuan and Mr. Voon Seng Chuan 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 or 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.

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

### *Guideline 2.4: Independence of Directors who have served on the Board beyond Nine Years (cont'd)*

The NC and Board have conducted rigorous review as described above and have determined that 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 Company continuously seeks to maintain an appropriate mix of diversity in its Board and Board renewal and succession were the key focus in FY2018. The NC began the Board renewal process in FY2018 and considered candidates recommended by Board members, taking into consideration skills, competencies and integrity of the candidates. The Board, upon the recommendations of the NC, re-designated Ms. Goh Shiou Ling from Non-Executive Director to Executive Director with effect from 1 April 2018 and appointed Mr. See Chuang Thuan and Mr. Voon Seng Chuan as Independent Non-Executive Directors with effect from 1 July 2018.

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. Two Executive Directors and two Independent Non-Executive Directors are expert in the IT industry and three Independent Non-Executive Directors have vast experience in the banking industry while the remaining Executive Director and two Independent Non-Executive Directors bring a broad range of knowledge and experience in corporate finance, business management and corporate governance. Out of the ten Directors, two are female.

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

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

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

### *Guidelines 2.7 and 2.8: 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 perspectives 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.

### Principle 3: Role of Chairman and Managing Director (cont'd)

#### ***Guidelines 3.1 and 3.2: Roles of Chairman and Managing Director (cont'd)***

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 by 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 ARC, NC, RC and SIC by Independent Directors ensures sufficient balance of power and authority in the Board. Nonetheless, as part of the Board's continuous corporate governance improvement initiatives, the Board appointed Mr. Ong Kian Min as the Lead Independent Director with effect from 1 July 2018, to enhance objectivity and independence in the Board's deliberations and decisions. He is available to shareholders where they have concerns for which contact through the normal channels of the Chairman, Group Managing Director or Group Head of Finance has failed to resolve or is inappropriate.

#### ***Guideline 3.4: Independent Directors' Meeting***

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 Group Managing Director and senior management team as well as other Non-Executive Directors to discuss pertinent issues. The Independent Directors met the Group Managing Director and senior management team twice in FY2018.

### 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 Mr. Goh, Mr. Lim Kok Min, Professor Tan Sri Dato' Dr. Lin See Yan and Datuk Yvonne Chia with Mr. Ong Kian Min, who is the Lead Independent Director, as its Chairman. Four out of five members are Independent Directors.

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, 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 the Managing Director, (iii) determine annually whether or not a Director is independent, in particular Directors who have served on the Board beyond nine 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.

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

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

Currently, the Board has not determined the maximum number of listed board representations which any Director may hold. The NC and 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, 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/she is serving on multiple boards.

The Company believes that board renewal should be an ongoing process to ensure the Board collectively has the required skills, diversity and experience to meet the changing needs of the Company and its businesses. The Company's Bye-laws require one-third of Directors (excluding the Managing Director) to retire and be subjected to re-election by the shareholders at every Annual General Meeting ("AGM"). Accordingly, no Director shall stay in office for more than three 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 Professor Tan Sri Dato' Dr. Lin See Yan, Mr. Lim Kok Min and Datuk Yvonne Chia to be retired by rotation pursuant to the Bye-law 86(1) and Mr. See Chuang Thuan and Mr. Voon Seng Chuan to be retired pursuant to the Bye-law 85(6) of the Company's Bye-laws 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.

There are no relationships including immediate family relationship between Professor Tan Sri Dato' Dr. Lin See Yan, Mr. Lim Kok Min, Datuk Yvonne Chia, Mr. See Chuang Thuan, Mr. Voon Seng Chuan, 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 for 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.

### *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 Director is taken into account in their re-appointment or re-election.

## Principle 6: Access to Information

**In order to fulfil 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 fulfil 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. 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, Board 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.



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

### 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, 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 Board's approval.

### 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 Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid 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 industry norms. The remuneration framework for Directors for financial year ended 30 June 2018 was unchanged from that of the previous financial year ended 30 June 2017. For the following financial year, taking into consideration various factors, including the additional responsibilities of Directors and Board Committees, the RC proposed and the Board approved, that the remuneration framework to be revised as follows:

Roles	Chairman (per annum)	Member (per annum)
Board of Directors	S\$120,000 (unchanged)	S\$60,000 (unchanged)
Audit and Risk Committee	S\$65,000 (FY2018: S\$60,000)	S\$35,000 (FY2018: S\$30,000)
Other Committees	S\$30,000 (unchanged)	S\$20,000 (FY2018: S\$15,000)
Special or ad hoc projects	Appropriate fee depending on complexity, as recommended by the RC and approved by the Board to be proposed for shareholders' approval	

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

### **Guideline 7.2: Remuneration Framework (cont'd)**

The RC reviews the remuneration package of the Executive Directors after considering inter alia the achievement of key performance indicators ("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 FY2018. 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, 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 and/or other dealings 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 an annual basis.

### Principle 8: Level and Mix of Remuneration (cont'd)

#### Guideline 8.3: Remuneration of Non-Executive Directors (cont'd)

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 remunerations 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.**

#### 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 <sup>(1)</sup> S\$	Benefits <sup>(2)</sup> S\$	Bonus S\$	Fair Value of Share Plan <sup>(3)</sup> S\$	Total S\$
<b>Executive Directors</b>						
Goh Peng Ooi	135,000	83,651	8,878	-	-	227,529
Dr. Kwong Yong Sin	60,000	593,923	13,975	-	418,010	1,085,908
Goh Shiou Ling <sup>(4)</sup>	75,000	66,000	-	-	-	141,000
<b>Non-Executive Directors</b>						
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 <sup>(5)</sup>	75,000	-	-	-	-	75,000
Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid	105,000	-	-	-	-	105,000
Datuk Yvonne Chia	90,000	-	-	-	-	90,000
See Chuang Thuan <sup>(6)</sup>	-	-	-	-	-	-
Voon Seng Chuan <sup>(6)</sup>	-	-	-	-	-	-
<b>Total Directors' Remuneration</b>	<b>960,000</b>	<b>743,574</b>	<b>22,853</b>	<b>-</b>	<b>418,010</b>	<b>2,144,437</b>

Note:

<sup>(1)</sup> Salary includes Provident Fund contributions.

<sup>(2)</sup> Benefits include car benefits.

<sup>(3)</sup> 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.

<sup>(4)</sup> Ms. Goh Shiou Ling was re-designated from Non-Executive Director to Executive Director with effect from 1 April 2018.

<sup>(5)</sup> Datuk Sulaiman bin Daud stepped down as a Director with effect from 30 June 2018.

<sup>(6)</sup> Mr. See Chuang Thuan and Mr. Voon Seng Chuan were appointed as Directors with effect from 1 July 2018.

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

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

There were fourteen key management personnel (who are not Directors of the Company) in the Group in FY2018. 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)
<b>S\$250,001 to S\$500,000</b>		
Fabian Lum Wai Kit	99%	1%
Jean Aw Peng Mei	95%	5%
Tan Soo Cheng	100%	-
Trevor Lok Theng Hey	100%	-
Wong Yok Koon	100%	-

The annual aggregate remuneration paid to the abovementioned key management personnel of the Group is RM5,464,720 in FY2018.

The RC has reviewed the level and mix of remuneration for the Directors and key management personnel of the Company for FY2018 to ensure that the remuneration commensurate with their performance whilst taking into account the industry norms 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 Group Managing Director**

Ms. Goh Shiou Ling, who is Executive Director of the Company, is the daughter of Mr. Goh Peng Ooi, the Group Executive Chairman and a substantial shareholder of the Company.

Save as disclosed aforesaid, there was no employee in the Group who is an immediate family member of a Director or Group Managing Director whose remuneration exceeded S\$50,000 during the financial year under review.

**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 and/or other dealings in the shares.

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

**Guideline 9.5: Employee Share Scheme (cont'd)****FY2015 PSP 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 year from the applicable release date. The details of FY2015 PSP 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	Shares lapsed during financial year	Balance as at the end of financial year
Dr. Kwong Yong Sin	10,000,000	4,800,000 <sup>(1)</sup>	1,800,000 <sup>(1)</sup>	600,000 <sup>(1)</sup>	2,400,000 <sup>(1)</sup>

Note:

<sup>(1)</sup> 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 FY2018.

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	Aggregate PSP granted since commencement	Aggregate PSP released since commencement of PSP to the end of the financial year	Aggregate PSP lapsed 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	14,850,000	600,000	2,400,000

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 Directors 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 and when 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.

In addition, the Group Managing Director and Group Head of Finance, based on the assurance from the business and finance heads 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.

### Principle 10: Accountability (cont'd)

#### ***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 shareholders' 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 ARC, 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 as well as mitigating control measures are summarised in the Key Risk Profile and reported to the ARC and the Board annually. The Key Risk Profile is regularly reviewed, addressed and reported to the ARC 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 ARC, 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 risk 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 ARC. The ARC 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 FY2018, 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 ARC, 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 FY2018.

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

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the ARC 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. The Audit Committee was renamed as Audit and Risk Committee during the year.

### 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: ARC Membership and Expertise**

The ARC comprises Mr. Lim Kok Min, Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid and Datuk Yvonne Chia with Mr. Ong Kian Min as its Chairman. All four ARC members are Independent Non-Executive Directors. The Board considers Mr. Ong Kian Min, who has extensive accounting and financial management experience, well qualified to chair the ARC. The ARC members have the appropriate professional experience in accounting and financial management. The Board is satisfied that the ARC members are appropriately qualified to discharge their responsibilities. The key terms of reference of the ARC is set out under Guidelines 12.3 and 12.4 of this Report.

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

The ARC is guided by its Terms of Reference which stipulates 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 auditors' 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; and approving the remuneration and terms of engagement of the external auditors;
- f) review Interested Person Transactions in accordance with the requirements of the Mainboard Listing Manual of the SGX-ST; and
- g) review the effectiveness of the Group's whistle-blowing policy.

In the review of the financial statements for FY2018, the ARC 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 auditors' report to the members under Key Audit Matters on pages 82 to 86 of this Annual Report. Following the review, the ARC was satisfied that these matters have 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 ARC (cont'd)**

Key Audit Matters	How ARC reviewed these matters and what decisions were made
Revenue and cost of sales from software licensing and software project services	The ARC reviewed the appropriateness and reasonableness of management's assessment of software licensing and software project services revenue and costs, including the application of relevant accounting standards, projects cost estimates and assumptions.
Impairment assessment of goodwill	The ARC 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 ARC 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.
Fair value of contingent consideration payable	The ARC reviewed the appropriateness and reasonableness of management's estimated probability of achieving the financial targets by assessing the key assumptions on revenue, gross profit margin, operating expenses, taxes and discount rate.
Impairment assessment on investments in subsidiaries	The ARC 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 ARC has the authority to conduct or authorise investigations into any matters within its Terms of Reference. The ARC 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 ARC 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 ARC.

**Guideline 12.6: Independence of External Auditors**

The ARC has reviewed the non-audit services provided by the external auditors as part of the ARC'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 FY2018 were RM2,255,204 and RM769,449 (FY2017: RM2,088,557 and RM423,536) respectively. The non-audit services provided by the external auditors of the Group mainly related to tax services, IFRS 15 project implementation and due diligence fees for potential acquisitions. The ARC is satisfied that the nature and extent of such services would not prejudice the independence and objectivity of the external auditors.

Both the ARC and the Board have reviewed the appointment of different auditors for its subsidiaries, associate and joint venture 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 ARC has recommended to the Board the re-appointment of Messrs Ernst & Young as auditors of the Company.

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

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

The ARC has incorporated a whistle-blowing policy into the Group's internal control procedures to provide a channel for employees 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 employment 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 FY2018.

### ***Guideline 12.8: ARC's Activities***

During FY2018, the ARC met four times. The ARC also had one meeting with external auditors and internal auditors separately, without the presence of Management.

The ARC 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 ARC meetings.

### ***Guideline 12.9: ARC Member Restriction***

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

## 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 ARC and administratively reports to Group Managing Director, Dr. Kwong. The Internal Audit and Compliance function has unfettered access to all the Group's documents, records, properties and personnel, including direct access to the ARC.

The ARC approves the hiring, evaluation and compensation of the Head of Internal Audit and Compliance. The ARC 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 three to thirty years of relevant audit experience, and adopts the standards 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 ARC for its review and approval at the beginning of each financial year. Periodic internal audit reports are submitted to the ARC detailing the internal auditors' progress in executing the internal audit plan. All audit findings and recommendations made by the internal auditors are reported to the ARC. The internal auditors follow up on all recommendations proposed to management to ensure the recommendations have been implemented on a timely basis and reports the results to the ARC every quarter.

The ARC reviews the adequacy and effectiveness of the internal audit function on an on-going basis, to ensure that internal audit function remains effective and is adequately staffed. The ARC is satisfied that the Internal Audit and Compliance 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. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies Act and the amendments of the Company's Bye-laws at the 2017 AGM, shareholders who are relevant intermediaries (i.e. banks, capital markets services licence holders which provide custodial services for securities and the Central Provident Fund Board) are allowed to appoint more than two proxies to attend, speak and vote at general meetings, but each proxy must be appointed to exercise the rights attached to a different share or shares held by the relevant shareholder.

### 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](http://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 in 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. The meetings are held in a central location in Singapore to ensure convenient access for shareholders. 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 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 general meeting, including the number of votes cast for and against of each resolution and the respective percentages, are announced after each general meeting, via SGXNet. The Company has been conducting electronic poll voting since 2017 AGM.

## 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 and Risk Committee has reviewed the Group's Interested Person Transactions ("IPT") for FY2018 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 26 October 2017. The review procedures for IPTs are disclosed in the Company's Circular to Shareholders dated 11 October 2018.

The aggregate value of recurrent IPT of revenue or trading nature conducted during FY2018 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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	01-07-2017 to 30-06-2018 RM	01-07-2017 to 30-06-2018 RM
Companies associated to Mr. Goh Peng Ooi ("Silverlake Entities")		
- <b>New IPT Mandate</b> <sup>(1)</sup>		
Revenue from Silverlake Entities	-	39,206,132
Service fees to Silverlake Entities	-	(29,479,196)
- <b>Non-Mandate Transactions</b> <sup>(2)</sup>		
Revenue from Silverlake Entities	7,013,765	-
Service fees to Silverlake Entities	(2,294,866)	-

<sup>(1)</sup> 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.

<sup>(2)</sup> The Non-Mandate transactions were mainly derived from project, maintenance and enhancement services contracted between Silverlake Investment Ltd. together with its subsidiaries ("SIL Group") and Silverlake Entities before the completion of acquisition of SIL Group during the financial year.

The total IPT revenue and IPT service fees of RM46,219,897 and RM31,774,062 (2017: RM79,246,898 and RM32,140,611) accounted for 9% and 13% (2017: 14% and 13%) 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 2018 was as follows:

Name of related parties	Total Due RM	0-30 days RM	31-60 days RM	61-90 days RM	91-180 days RM	> 180 days RM
<b>Transactions conducted under the New IPT Mandate:</b>						
Silverlake Entities <sup>(1)</sup>	49,002,398	46,278,198	2,724,200	-	-	-
<b>Non-Mandate Transactions</b>						
Silverlake Entities	901,992	680,547	-	-	221,445	-
<b>Non-Trade Transactions</b>						
Silverlake Entities	123,096	102,512	20,584	-	-	-
<b>Grand Total</b>	<b>50,027,486</b>	<b>47,061,257</b>	<b>2,744,784</b>	<b>-</b>	<b>221,445</b>	<b>-</b>

<sup>(1)</sup> The Audit and Risk 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, the Chief Executive Officer, or controlling shareholder during FY2018.



# 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 2018.

## 1. DIRECTORS

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

Goh Peng Ooi  
 Dr. Kwong Yong Sin  
 Goh Shiou Ling  
 Ong Kian Min  
 Professor Tan Sri Dato' Dr. Lin See Yan  
 Lim Kok Min  
 Tan Sri Dato' Dr. Mohd Munir bin Abdul Majid  
 Datuk Yvonne Chia  
 See Chuang Thuan (appointed on 1 July 2018)  
 Voon Seng Chuan (appointed on 1 July 2018)

## 2. ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE SHARES

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

## 3. DIRECTORS' INTERESTS IN SHARES

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

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of the Company</i>				
Goh Peng Ooi	-	-	1,701,855,043	1,759,877,345
Dr. Kwong Yong Sin	15,372,000	17,172,000	950,000	1,150,000
Ong Kian Min	600,000	800,000	-	-
Professor Tan Sri Dato' Dr. Lin See Yan	600,000	600,000	-	-
Lim Kok Min	600,000	600,000	-	-
Datuk Yvonne Chia	300,000	300,000	110,000	110,000
<i>Ordinary shares of the holding company (Intelligentsia Holding Ltd.)</i>				
Goh Peng Ooi	3,882,254	3,882,254	-	-

Name of director	Direct interest		Deemed interest	
	At the end of financial year	At 21 July 2018	At the end of financial year	At 21 July 2018
<i>Ordinary shares of the Company</i>				
Dr. Kwong Yong Sin	17,172,000	17,172,000	1,150,000	1,250,000
Ong Kian Min	800,000	1,200,000	-	-

### 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 2018.

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, executive directors 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 had been adjusted from 8,000,000 shares to 9,600,000 shares in the financial year ended 30 June 2016. On 26 January 2018, 1,800,000 (2017: 2,400,000) shares with a fair value at grant date of RM5,378,670 (2017: RM7,366,080) were awarded and released to Dr. Kwong Yong Sin in recognition of his contribution to the Group for the financial year ended 30 June 2017 (2017: 30 June 2016). 600,000 shares had lapsed during the financial year and the actual number of remaining shares shall vest subject to the achievement of pre-determined performance targets set for financial year ended 30 June 2018 (2017: 30 June 2018 and 2017).

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	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 lapsed since commencement of PSP to the end of the financial year	Aggregate PSP outstanding as at the end of the financial year
<b>2018</b>				
Dr. Kwong Yong Sin	17,850,000	14,850,000	600,000	2,400,000
<b>2017</b>				
Dr. Kwong Yong Sin	17,850,000	13,050,000	-	4,800,000

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

## 6. TREASURY SHARES

On 26 January 2018, 1,800,000 (2017: 2,400,000) treasury shares were released at the price of SGD0.57 (2017: SGD0.56) 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 62,485,200 (2017: 9,356,100) shares pursuant to the share purchase mandate approved by shareholders on 26 October 2017 (2017: 26 October 2015). These shares were acquired by way of market acquisition for a total consideration of RM108,921,092 (2017: RM15,355,875) and are held as treasury shares by the Company.

On 18 April 2018, 70,108,332 treasury shares were reissued, at an agreed issue price of SGD0.71 per share, as base consideration of RM154,915,719 (equivalent to SGD49,776,916) for acquisition of Silverlake Investment Ltd. Group.

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

## 7. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

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

## 8. 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 and Risk 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 2018.

## 9. AUDIT AND RISK COMMITTEE ("ARC")

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

## 10. AUDITOR

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

On behalf of the board of directors:

**GOH PENG OOI**  
DIRECTOR

28 September 2018

**DR. KWONG YONG SIN**  
DIRECTOR

# 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 2018 and the results of the business, changes in equity and cash flows of the Group for the year then ended; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:

**GOH PENG OOI**  
DIRECTOR

**DR. KWONG YONG SIN**  
DIRECTOR

28 September 2018

# 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 2018, 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, as set out on pages 89 to 197.

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 2018 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.

#### Key audit matters in respect of the audit of the financial statements of the Group

##### **(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 2018, revenue from the provision of software licensing and software project services, amounted to RM40 million and RM52 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.

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.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key audit matters (cont'd)

#### Key audit matters in respect of the audit of the financial statements of the Group (cont'd)

##### **(1) Revenue and cost of sales from software licensing and software project services (cont'd)**

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) judgement 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 or 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.

#### **Our audit response:**

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 timeline, 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;
- (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 by management in estimating the total budgeted costs by examining the documentary evidence such as approved purchase orders and letters of award issued to the sub-contractors which support the total budgeted costs;
- (f) we also considered the historical accuracy of management's budgets for similar contracts in assessing the estimated total contract costs; and
- (g) we reviewed and recomputed the percentage of completion, including verification of the actual costs incurred to date to sub-contractors' claims and invoices.

##### **(2) Impairment assessment of goodwill**

(Refer to Note 2.5(b) - Key sources of estimation uncertainty, Note 12 - Intangible assets)

As at 30 June 2018, the carrying amount of goodwill recognised by the Group amounted to RM108 million, representing 43% and 11% 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.

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 VIU determined using discounted cash flows is complex and involves significant management judgement and estimates, specifically the key assumptions on the revenue growth rate, gross profit margin, long-term growth rate and discount rate.



## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key audit matters (cont'd)

#### Key audit matters in respect of the audit of the financial statements of the Group (cont'd)

#### **(2) Impairment assessment of goodwill (cont'd)**

##### **Our audit response:**

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;
- (c) we involved our internal valuation experts in assessing 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 CGUs;
- (d) we performed sensitivity analysis on key assumptions that will significantly affect the recoverable amounts of the CGUs; and
- (e) we evaluated the adequacy of disclosures of key assumptions to which the outcome of the impairment assessment is most sensitive.

#### **(3) Pricing and disclosure of related parties and related party transactions**

(Refer to Note 18 - Amounts due from/(to) holding company, 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 RM46 million representing 9% of Group's revenue, and service fees paid to SPEs totaling RM32 million representing 13% 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 and Risk Committee; and whether adequate disclosures were made in the financial statements in accordance with IAS 24 Related Party Disclosures and SGX listing requirements.

##### **Our audit response:**

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 related party 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.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key audit matters (cont'd)

#### Key audit matters in respect of the audit of the financial statements of the Group (cont'd)

#### **(3) Pricing and disclosure of related parties and related party transactions (cont'd)**

##### **Our audit response: (cont'd)**

In addressing this area of audit focus, we performed, amongst others, the following procedures: (cont'd)

- (c) we read contracts and agreements with related parties to understand the nature and terms of the transactions;
- (d) we assessed the computation of RPT and agreed the rates used in the computation to the latest rates approved by the Audit and Risk Committee; and
- (e) we evaluated the adequacy of disclosures of RPT in the financial statements.

#### **(4) Fair value of contingent consideration payable**

(Refer to Note 13 - Investments in subsidiaries)

The Group acquired Silverlake Investment Ltd. and three of its subsidiaries ("SIL Group") during the year. The purchase consideration includes a fixed base consideration and contingent consideration which will be determined based on the achievement of an average year-on-year percentile increase in the adjusted net profit after tax of the respective entities within SIL Group for the financial period ended/years ending 30 June 2018, 2019 and 2020 respectively ("Financial Targets"). The final contingent consideration shall be payable upon the issuance of the notification to the sellers of SIL Group following the issuance of the audited financial statements of each of the acquired entities for the financial year ending 30 June 2020. As at 30 June 2018, the fair value of the contingent consideration payable is estimated to be RM234 million.

We identified this as our area of audit focus as estimating the fair value of contingent consideration payable is complex and involves significant management judgement and estimates, specifically the key assumptions used such as revenue growth rate, gross profit margin and other expenses of which the Financial Targets are based upon, the probability-weighted average of payouts on various possible outcomes of the Financial Targets and the discount rate used.

##### **Our audit response:**

In addressing this area of audit focus, we performed, amongst others, the following procedures:

- (a) we obtained an understanding from the management on their basis in assigning a probability on various possible outcomes of the Financial Targets;
- (b) we evaluated the key assumptions on revenue growth rate, gross profit margin and operating expenses of which the Financial Targets are based upon, taking into consideration the current and expected future economic conditions of the respective business segments of the acquired subsidiaries. We also compared these key assumptions against past actual outcomes;
- (c) we assessed the discount rate and whether the rate used reflects the risks specific to the contingent consideration payable;
- (d) we performed sensitivity analysis on key assumptions that will significantly affect the fair value of the contingent consideration payable; and
- (e) we evaluated the adequacy of disclosures of fair value of contingent consideration payable.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

### Key audit matters (cont'd)

#### Key audit matters in respect of the audit of the financial statements of the Company

##### **(5) Impairment assessment on investments in subsidiaries**

(Refer to Note 2.5(c) - Key sources of estimation uncertainty, Note 13 - Investments in subsidiaries)

As at 30 June 2018, the carrying amount of the Company's investments in subsidiaries (before current year's impairment loss) amounted to RM2,253 million.

The Company is required to perform impairment assessment of its investments in subsidiaries 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 ("CGUs") relating to these subsidiaries. The Company estimated the recoverable amounts of the CGUs based on its 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 an area of audit focus as the VIU determined using discounted cash flows is complex and involves significant management judgement and estimates, specifically the key assumptions on the revenue growth rate, gross profit margin, long-term growth rate and discount rate.

Arising from the impairment assessment by the management, management impaired the investments in two of its subsidiaries to their respective recoverable amounts, resulting in total impairment losses of RM34 million being recognised in the income statement.

#### **Our audit response:**

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 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;
- (d) we performed sensitivity analysis on key assumptions that will significantly affect the recoverable amounts of the investments in subsidiaries; and
- (e) we evaluated the adequacy of disclosures of 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.
- 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.

Independent Auditors' Report (cont'd)  
To members of Silverlake Axis Ltd.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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

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  
28 September 2018

# Consolidated Income Statement

For the financial year ended 30 June 2018

	Note	Group	
		2018 RM	2017 RM Restated (Note 38)
<b>Revenue</b>	3	541,766,103	549,854,512
Cost of sales		(236,830,238)	(242,367,331)
<b>Gross profit</b>		304,935,865	307,487,181
<b>Other items of income</b>			
Finance income	4	2,850,159	4,242,866
Other income	5	4,525,513	808,276,802
<b>Other items of expenses</b>			
Selling and distribution costs		(29,750,672)	(31,801,473)
Administrative expenses		(118,158,697)	(110,857,200)
Finance costs	6	(1,336,222)	(1,445,014)
Share of loss of a joint venture and associates		(15,876,018)	(7,702,836)
<b>Profit before tax</b>	7	147,189,928	968,200,326
Income tax expense	9	(13,109,684)	(104,462,947)
<b>Profit for the year</b>		134,080,244	863,737,379
<b>Profit for the year attributable to:</b>			
Owners of the parent		134,090,521	863,732,377
Non-controlling interests		(10,277)	5,002
		134,080,244	863,737,379
Earnings per share attributable to the owners of the parent:			
- Basic (sen)	10	5.09	32.65
- Diluted (sen)	10	5.08	32.62

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 2018

	Note	Group	
		2018 RM	2017 RM Restated (Note 38)
Profit for the year		134,080,244	863,737,379
<b>Other comprehensive loss:</b>			
Items that may be reclassified subsequently to profit or loss:			
- Fair value loss on available-for-sale financial assets	24(e)	(29,333,305)	(95,598,263)
- Deferred tax relating to fair value loss on available-for-sale financial assets	28	3,717,526	8,400,824
- Foreign currency translation (loss)/gain		(50,487,763)	36,347,072
- Share of foreign currency translation gain of a joint venture	15	63,800	1,419
		(76,039,742)	(50,848,948)
Items that will not be reclassified to profit or loss:			
- Actuarial gain on defined benefit plans	30	901,273	1,630,479
- Deferred tax relating to actuarial gain on defined benefit plans	28	(184,164)	(747,656)
		717,109	882,823
<b>Other comprehensive loss for the year, net of tax</b>		(75,322,633)	(49,966,125)
<b>Total comprehensive income for the year</b>		58,757,611	813,771,254
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the parent		58,767,888	813,766,252
Non-controlling interests		(10,277)	5,002
		58,757,611	813,771,254

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

# Statements of Financial Position as at 30 June 2018

		Group			Company	
	Note	2018 RM	2017 RM Restated (Note 38)	2016 RM Restated (Note 38)	2018 RM	2017 RM
<b>Assets</b>						
<b>Non-current assets</b>						
Property, plant and equipment	11	20,415,445	19,377,285	16,780,214	4,128	-
Intangible assets	12	206,719,656	208,105,326	206,035,900	-	-
Investments in						
- subsidiaries	13	-	-	-	2,218,334,773	1,863,873,593
- associates	14	-	-	106,380,900	-	-
Interest in a joint venture	15	9,667,993	30,175,732	31,611,357	23,108,840	30,176,361
Deferred tax assets	28	16,375,321	5,877,391	5,790,275	-	-
		253,178,415	263,535,734	366,598,646	2,241,447,741	1,894,049,954
<b>Current assets</b>						
Amounts due from customers for contract work-in-progress	16	55,829,157	28,666,043	26,654,696	-	-
Trade and other receivables	17	139,101,599	154,260,454	181,739,149	144,727	29,167
Advance maintenance costs		1,882,697	3,187,073	2,407,187	-	-
Prepayments		4,537,993	5,227,061	4,265,426	197,833	52,606
Dividend receivables		-	-	-	-	129,290,101
Amount due from a subsidiary	18	-	-	-	15,486	-
Amounts due from related parties	18	50,027,486	24,693,456	50,757,759	-	-
Loan to a subsidiary	19	-	-	-	-	-
Tax recoverable		4,317,961	3,371,722	1,730,392	-	-
Available-for-sale financial assets						
- quoted equity shares	20	189,780,204	280,305,198	-	-	-
- money market fund	21	4,559,997	2,312,790	4,729,521	-	-
Cash and bank balances	22	304,042,436	732,363,597	229,696,945	88,902,117	78,941,196
		754,079,530	1,234,387,394	501,981,075	89,260,163	208,313,070
<b>Total assets</b>		1,007,257,945	1,497,923,128	868,579,721	2,330,707,904	2,102,363,024

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

Statements of Financial Position as at 30 June 2018 (cont'd)

	Note	Group			Company	
		2018 RM	2017 RM Restated (Note 38)	2016 RM Restated (Note 38)	2018 RM	2017 RM
Equity and liabilities						
Equity						
Share capital	23(a)	191,040,654	191,040,654	191,040,654	191,040,654	191,040,654
Share premium	23(b)	234,417,308	232,217,438	229,022,558	1,702,079,469	1,668,775,194
Treasury shares	23(c)	(68,558,076)	(86,627,098)	(75,442,423)	(68,558,076)	(86,627,098)
Foreign currency translation reserve	24(a)	11,545,242	61,969,205	25,620,714	-	-
Capital reserve	24(b)	466,828	466,828	466,828	-	-
Statutory reserve	24(c)	21,819	21,819	21,819	-	-
Performance share plan reserve	23(d),24(d)	6,056,474	10,163,890	5,839,774	6,056,474	10,163,890
Available-for-sale reserve	24(e)	(112,813,218)	(87,197,439)	-	-	-
Merger deficit	25	(476,280,829)	(118,726,054)	(118,726,054)	-	-
Retained profits		737,212,629	988,929,533	361,294,415	243,058,068	228,794,009
Equity attributable to owners of the parent		523,108,831	1,192,258,776	619,138,285	2,073,676,589	2,012,146,649
Non-controlling interests		74,921	85,198	80,196	-	-
Total equity		523,183,752	1,192,343,974	619,218,481	2,073,676,589	2,012,146,649
Non-current liabilities						
Loans and borrowings	26	2,925,844	1,747,902	1,562,002	-	-
Deferred tax liabilities	28	31,828,657	40,476,155	18,543,507	-	-
Other payable	29	233,743,461	-	-	233,743,461	-
Provision for defined benefit liabilities	30	6,906,254	7,725,490	7,793,902	-	-
		275,404,216	49,949,547	27,899,411	233,743,461	-
Current liabilities						
Amounts due to customers for contract work-in-progress	16	43,282,889	10,495,611	13,932,619	-	-
Trade and other payables	29	67,960,485	70,859,400	52,401,395	1,944,126	1,872,156
Provision for defined benefit liabilities	30	258,271	419,939	373,822	-	-
Advance maintenance fees		55,887,662	57,955,846	56,443,657	-	-
Loans and borrowings	26	25,363,768	89,287,566	73,149,291	20,720,000	88,337,362
Amount due to holding company	18	213,120	4,291,841	1,889,084	-	-
Amounts due to subsidiaries	18	-	-	-	623,728	6,857
Amounts due to related parties	18	2,510,141	13,299,709	12,401,606	-	-
Tax payable		13,193,641	9,019,695	10,870,355	-	-
		208,669,977	255,629,607	221,461,829	23,287,854	90,216,375
Total liabilities		484,074,193	305,579,154	249,361,240	257,031,315	90,216,375
Net current assets		545,409,553	978,757,787	280,519,246	65,972,309	118,096,695
Total equity and liabilities		1,007,257,945	1,497,923,128	868,579,721	2,330,707,904	2,102,363,024

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 2018

Attributable to owners of the parent

<----- Non-distributable ----->

2018 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
<b>At 1 July 2017</b>		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
As previously reported														
Adjustments for acquisition of subsidiaries		-	-	-	9,508	-	-	-	-	1,039,232	33,268,643	34,317,383	-	34,317,383
<b>At 1 July 2017, as restated</b>		191,040,654	232,217,438	(86,627,098)	61,969,205	466,828	21,819	10,163,890	(87,197,439)	(118,726,054)	988,929,533	1,192,258,776	85,198	1,192,343,974
Profit for the year		-	-	-	-	-	-	-	-	-	134,090,521	134,090,521	(10,277)	134,080,244
Other comprehensive (loss)/income for the year		-	-	-	(50,423,963)	-	-	-	(25,615,779)	-	717,109	(75,322,633)	-	(75,322,633)
<b>Total comprehensive (loss)/income for the year</b>		-	-	-	(50,423,963)	-	-	-	(25,615,779)	-	134,807,630	58,767,888	(10,277)	58,757,611
<b>Contributions by and distributions to owners</b>														
Purchase of treasury shares	23(c)	-	-	(108,921,092)	-	-	-	-	-	-	-	(108,921,092)	-	(108,921,092)
Grant of shares under Performance Share Plan	23(d)	-	-	-	-	-	-	1,271,254	-	-	-	1,271,254	-	1,271,254
Release of shares under Performance Share Plan	23(b),(c),(d)	-	2,199,870	3,178,800	-	-	-	(5,378,670)	-	-	-	-	-	-
Acquisition of subsidiaries	23(c),25	-	-	123,811,314	-	-	-	-	-	(357,554,775)	-	(233,743,461)	-	(233,743,461)
Dividends on ordinary shares	31	-	-	-	-	-	-	-	-	-	(386,524,534)	(386,524,534)	-	(386,524,534)
<b>Total transactions with owners in their capacity as owners</b>		-	2,199,870	18,069,022	-	-	-	(4,107,416)	-	(357,554,775)	(386,524,534)	(727,917,833)	-	(727,917,833)
<b>At 30 June 2018</b>		191,040,654	234,417,308	(68,558,076)	11,545,242	466,828	21,819	6,056,474	(112,813,218)	(476,280,829)	737,212,629	523,108,831	74,921	523,183,752

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 2018

Attributable to owners of the parent														
<----- Non-distributable ----->														
		Share capital RM	Share premium RM	Treasury shares RM	Foreign currency translation reserve RM	Capital reserve RM	Statutory reserve RM	Performance share plan reserve RM	Available-for-sale reserve RM	Merger deficit RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
	Note	(Note 23(a))	(Note 23(b))	(Note 23(c))	(Note 24(a))	(Note 24(b))	(Note 24(c))	(Note 24(d))	(Note 24(e))	(Note 25)				
2017 (Restated)														
Group														
At 1 July 2016														
As previously reported		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
Adjustments for acquisition of subsidiaries		-	-	-	42,283	-	-	-	-	1,039,232	15,527,999	16,609,514	-	16,609,514
At 1 July 2016, as restated		191,040,654	229,022,558	(75,442,423)	25,620,714	466,828	21,819	5,839,774	-	(118,726,054)	361,294,415	619,138,285	80,196	619,218,481
Profit for the year		-	-	-	-	-	-	-	-	-	863,732,377	863,732,377	5,002	863,737,379
Other comprehensive income/(loss) for the year		-	-	-	36,348,491	-	-	-	(87,197,439)	-	882,823	(49,966,125)	-	(49,966,125)
Total comprehensive income/(loss) for the year		-	-	-	36,348,491	-	-	-	(87,197,439)	-	864,615,200	813,766,252	5,002	813,771,254
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),(c),(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	(86,627,098)	61,969,205	466,828	21,819	10,163,890	(87,197,439)	(118,726,054)	988,929,533	1,192,258,776	85,198	1,192,343,974
At 30 June 2017, as restated		191,040,654	232,217,438	(86,627,098)	61,969,205	466,828	21,819	10,163,890	(87,197,439)	(118,726,054)	988,929,533	1,192,258,776	85,198	1,192,343,974

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 2018

	Note	Group	
		2018 RM	2017 RM Restated (Note 38)
<b>Operating activities</b>			
Profit before tax		147,189,928	968,200,326
<u>Adjustments for:</u>			
Amortisation of intangible assets	7, 12	16,931,705	15,760,183
Depreciation of property, plant and equipment	7, 11	4,361,404	4,164,571
(Reversal of)/Provision for foreseeable losses	7	(1,200,157)	427,184
Write off of property, plant and equipment	7	6,790	350,481
Net gain on disposal of property, plant and equipment	5	(241,951)	(112,986)
Gain on redemption of available-for-sale financial assets - money market fund	5	(494,290)	(413,234)
Gain on re-measurement of interest retained in investment to fair value	5, 14	-	(294,787,192)
Impairment loss on financial assets - trade receivables	7	1,986,010	1,389
Bad debts written off	7	1,921,865	2,526
Reversal of impairment loss on trade receivables	5	(1,022,689)	(973,877)
Waiver of debts by previous owner of a subsidiary	5	(988,908)	-
Net unrealised foreign currency exchange loss/(gain)	7, 5	7,829,514	(11,883,002)
Allowance for unutilised leave	8	1,726,127	497,036
Provision for defined benefit liabilities	8, 30	886,686	1,528,214
Share of loss of a joint venture and associates		15,876,018	7,702,836
Gain on disposal of shares in an associate	5, 14	-	(480,365,471)
Loss on disposal of available-for-sale financial assets - quoted equity shares	7	6,316,460	-
Loss on dilution of interest in an associate arising from issuance of new shares pursuant to employee shares incentive plan	7, 14	-	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	5, 14	-	(18,798,722)
Performance shares issued	8	1,271,254	11,690,196
Finance costs	6	1,336,222	1,445,014
Finance income	4	(2,850,159)	(4,242,866)
Dividend income from available-for-sale financial assets - quoted equity shares	5	(199,141)	-
Total adjustments		53,452,760	(767,759,079)
Operating cash flows before changes in working capital		200,642,688	200,441,247
<u>Changes in working capital:</u>			
Trade and other receivables		9,848,414	33,944,250
Amounts due from/to customers for contract work-in-progress		6,125,791	(5,679,157)
Amount due to holding company		(4,067,168)	2,307,532
Amounts due from/to related parties		(38,791,336)	29,654,573
Trade and other payables		(4,299,193)	1,307,259
Total changes in working capital		(31,183,492)	61,534,457
Cash flows from operations		169,459,196	261,975,704
Net placement of deposit pledged		(3,046,000)	(3,006,500)
Defined benefits paid	30	(179,450)	(168,405)
Income tax paid		(19,993,947)	(24,971,235)
Interest paid		(1,336,222)	(1,286,904)
Net cash flows from operating activities		144,903,577	232,542,660

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



Consolidated Statement of Cash Flows (cont'd)  
For the financial year ended 30 June 2018

		Group	
	Note	2018 RM	2017 RM Restated (Note 38)
<b>Investing activities</b>			
Purchases of property, plant and equipment	(a)	(3,170,400)	(6,011,433)
Payments for software development expenditure	12	(20,966,510)	(7,667,551)
Payments for other intangible assets	(b)	(5,307)	(4,841,615)
Advances to a joint venture	15	(82,519)	(129,650)
Purchases of available-for-sale financial assets - money market fund		(69,257,207)	(72,930,000)
Proceeds from disposal of property, plant and equipment		260,577	158,175
Proceeds from disposal of shares in an associate	14	-	556,968,103
Proceeds from disposal of quoted equity investment		32,894,190	-
Capital gain tax paid relating to the disposal of shares		(3,239,756)	(54,150,352)
Proceeds from redemption of available-for-sale financial assets - money market fund		67,504,290	75,759,965
Interest received		2,787,877	2,524,548
Dividend income received		199,141	
Net uplift/(placement) of short-term deposits		284,738,561	(296,192,469)
Net cash flows from investing activities		291,662,937	193,487,721
<b>Financing activities</b>			
Dividends paid	31	(386,524,534)	(236,980,082)
Purchase of treasury shares		(108,921,092)	(17,471,812)
Proceeds from revolving credit		128,139,320	45,608,752
Repayment of obligations under finance lease		(1,003,852)	(965,254)
Repayment of revolving credit		(195,754,582)	(33,174,790)
Net cash flows used in financing activities		(564,064,740)	(242,983,186)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(127,498,226)	183,047,195
<b>Effects of exchange rate changes on cash and cash equivalents</b>		(10,942,465)	20,419,288
<b>Cash and cash equivalents at beginning of year</b>		431,934,734	228,468,251
<b>Cash and cash equivalents at end of year</b>	22	293,494,043	431,934,734

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

Consolidated Statement of Cash Flows (cont'd)  
For the financial year ended 30 June 2018

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

	Group	
	2018 RM	2017 RM Restated (Note 38)
Cash	3,170,400	6,011,433
Hire purchase	2,699,532	1,010,420
	5,869,932	7,021,853

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

	Group	
	2018 RM	2017 RM
Cash	5,307	4,841,615
Hire purchase	-	162,348
	5,307	5,003,963

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 2018

## 1. Corporate information

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

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

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13. There have been no significant changes in the nature of these activities during the financial year other than as disclosed in Note 37.

## 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 2017:

Amendments to IAS 7: Disclosure Initiative

Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to IFRSs 2014 - 2016 Cycle: Amendments to IFRS 12 Disclosure of Interests in Other Entities

The adoption of the above standards did not have any effect on the financial performance or position of the Group and of 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
Annual Improvements to IFRSs 2014 - 2016 Cycle	
• 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
IFRIC Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 9 Prepayment Features with Negative Compensation	1 January 2019
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Amendments to IAS 19 Plan Amendments, Curtailment or Settlement	1 January 2019
Annual Improvements to IFRSs 2015 - 2017 Cycle	
• Amendments to IFRS 3 Business Combinations	1 January 2019
• Amendments to IFRS 11 Joint Arrangements	1 January 2019
• Amendments to IAS 12 Income Taxes	1 January 2019
• Amendments to IAS 23 Borrowing Costs	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021
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 Revenue from Contracts with Customers will be effective for annual period beginning on or after 1 January 2018. It will replace the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

IFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. The transaction price is allocated to each distinct performance obligation based on the relative stand-alone selling prices of each performance obligation.

The core principle of IFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

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

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

#### IFRS 15: Revenue from Contracts with Customers (cont'd)

The Group will adopt IFRS 15 using modified retrospective method effective 1 July 2018. The cumulative impact arising from the initial application of the standard will be recognised as an adjustment to the opening retained profits as at 1 July 2018. The Group has assessed the impact of applying IFRS 15 on the Group's financial statements and has identified the areas that will be affected as summarised below:

##### (a) Identification of separate performance obligations

IFRS 15 requires the Group to assess the goods or services promised in contracts with customer, both explicit and implicit, if they are separate performance obligations. The Group has identified a small number of maintenance service contracts with customers that contain free man-days which under IFRS 15 are to be accounted for as separate performance obligations. In certain contracts, the Group grants options to the customers to acquire additional goods or services at discounts. Under IFRS 15, options that provide the customers material rights are to be accounted for as separate performance obligations.

The Group will have to allocate a portion of the transaction price to these separate performance obligations identified. The revenue allocated to these separate performance obligations, i.e. free man-days and options, will be deferred until they are utilised/exercised or expired/lapsed, and presented as contract liabilities when the consideration is received.

##### (b) Allocation of transaction price and timing of revenue recognition

For contracts with customers containing multiple performance obligations, i.e. master contracts with bundled services such as software licensing, project implementation services and maintenance services, IFRS 15 requires the transaction price to be allocated to each performance obligation based on their relative stand-alone selling prices. This may result in the allocated transaction price of a performance obligation to be different from the contracted price and affects the timing of revenue recognition.

##### (c) Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than the current standard. Many of the disclosure requirements in IFRS 15 are new and the Group expects that the notes to the financial statements will be expanded due to the disclosure of significant judgements made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to each performance obligation, and the assumptions made to estimate the stand-alone selling prices of each performance obligation.

IFRS 15 also requires revenue recognised to be disaggregated into categories that depict the nature, amount, timing and uncertainty of revenue and cash flows. Software licensing together with project services which involves significant customisation will be treated as a single performance obligation and presented as one revenue stream, i.e. customised software solutions.

The impact of IFRS 15 adoption as at 1 July 2018 is expected to be as follows:

	Increase/(Decrease) RM
<b>Current assets</b>	
Contract assets	(98,228)
<b>Current liabilities</b>	
Contract liabilities	(39,997)
Advance maintenance fees	(4,358,745)
Deferred revenue	3,706,320
<b>Equity</b>	
Retained profits	594,194

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

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

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

IFRS 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting which is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained profits.

The Group is assessing the impact of adopting IFRS 9 based on currently available information and has identified the areas that will be affected as summarised below:

##### **(a) Classification and measurement**

Loans and receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Group analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

The Group will continue to carry and measure its available-for-sale financial assets such as investment in quoted equity shares at fair value through other comprehensive income ("OCI"). Under IFRS 9, the amounts recognised in OCI are not reclassified to profit or loss under any circumstances and this application will not have a material impact to the Group.

##### **(b) Impairment**

The new impairment model requires the recognition of impairment based on expected credit losses rather than only incurred credit losses as is the case under IFRS 9. It applies to financial assets classified at amortised cost, loans and receivables. Based on the preliminary assessment undertaken and historical credit loss experience, the Group does not expect a significant increase in impairment loss on receivables.

### 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 2018.

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.



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

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

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

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.

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.

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

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

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

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.

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.

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

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

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

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.

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 a joint venture and associates' 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.

#### (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.

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

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

#### (g) Revenue recognition (cont'd)

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.

#### (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.

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

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

#### (h) Income recognition on contracts (cont'd)

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.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unutilised 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 unutilised 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.

## 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 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.

##### 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.



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

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

#### (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.

##### (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.

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

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

#### (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.

##### **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).

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

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

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

##### (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.

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.

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

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

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

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.

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.

##### 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.

## 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 (cont'd)

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.

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.

## 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)

###### **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.

###### **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, amount due to holding company, and loans and borrowings.



## 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)

##### (iii) Financial liabilities (cont'd)

###### 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.

#### (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.

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

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

#### (q) Fair value measurement (cont'd)

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 overdraft.

#### (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.

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

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

#### (u) Share-based payment transactions (cont'd)

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

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.

#### (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.

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

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

#### (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.

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.

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

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

#### (y) Related parties

A related party is defined as follows:

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

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

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 RM1,265,000 (2017: RM1,022,000).

##### **(b) Impairment of intangible assets and goodwill**

An impairment exists 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 flows 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 flows 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.

##### **(c) Impairment of investments in subsidiaries**

The Company assesses, at each reporting date, whether there is an indication that the investments in subsidiaries 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 as at 30 June 2018 is RM2,218,334,773 (2017: RM1,863,873,593).

The carrying value of the Company's investments in subsidiaries has been tested by discounting the total estimated future cash flows of the subsidiaries' business using growth rate ranging from 0% to 5% (2017: 0% to 5%) and discount rate ranging from 10% to 15% (2017: 10% to 15%), 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 RM34,198,000 (2017: RM31,000,000) (Note 13) has been recognised on investments in subsidiaries.

## 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 investments in subsidiaries (con't)

###### 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%	
	2018 RM	2017 RM	2018 RM	2017 RM
QR Technology Sdn. Bhd.	6,902,000	8,596,000	4,580,000	5,804,000
Silverlake Japan Ltd.	-	406,000	-	-
	6,902,000	9,002,000	4,580,000	5,804,000

##### (d) 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 RM22,493,736 (2017: RM46,036,812).

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).

##### (e) Fair value of contingent consideration payable

During the financial year, the Group acquired Silverlake Investment Ltd. and three of its subsidiaries which the purchase consideration includes a contingent consideration to be determined based on the acquired entities achieving the set performance targets. In arriving at the fair value of the contingent consideration payable, the Group determines the probability of meeting the performance targets and the discount rate. On the acquisition date, the fair value of contingent consideration payable was RM233,743,461 (Note 13(a)). The carrying amount of the contingent consideration payable at the reporting date is disclosed in Note 29.



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

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

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

##### (e) Fair value of contingent consideration payable (cont'd)

###### Sensitivity analysis on discount rate and gross profit margin used

The fair value of contingent consideration payable is most sensitive to the discount rate and gross profit margin used for discounting the possible payout. On the basis that all other assumptions in calculation remain constant, an increase or decrease of 1% in discount rate and gross profit margin would result in a decrease or increase in the contingent consideration payable on the acquisition date, as follows:

	Group and Company	
	2018 RM	2017 RM
If discount rate increases by 1%: Decrease in contingent consideration payable	5,276,186	-
If discount rate decreases by 1%: Increase in contingent consideration payable	(5,448,361)	-

	Group and Company	
	2018 RM	2017 RM
If gross profit margin increases by 1%: Increase in contingent consideration payable	10,301,903	-
If gross profit margin decreases by 1%: Decrease in contingent consideration payable	(10,301,903)	-

##### (f) 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 unutilised 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 RM111,607,023 (2017: RM218,485,080) 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.

If the Group was able to recognise these unrecognised deferred tax assets, profit and equity would have increased by RM24,107,932 (2017: RM45,370,302). Further details on taxes are disclosed in Note 9 and Note 28.

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

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

#### Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, 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.

##### (b) Revenue recognition on software licensing

Judgement is required to be 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 or integrate the modules upon installation.

## 3. Revenue

	Group	
	2018 RM	2017 RM Restated
<b>Sale of goods</b>		
Sale of software and hardware products	8,044,173	3,429,527
Software licensing	39,976,023	41,758,128
	48,020,196	45,187,655
<b>Rendering of services</b>		
Software project services	51,832,406	63,246,440
Maintenance and enhancement services	391,973,002	392,994,692
Credit and cards processing	19,631,173	18,750,597
Insurance processing	30,309,326	29,675,128
	493,745,907	504,666,857
<b>Total revenue</b>	541,766,103	549,854,512

#### 4. Finance income

	Group	
	2018 RM	2017 RM Restated
Interest income from deposits with licensed banks	2,850,159	4,240,716
Unwinding of discount on amounts due from customers (receivables) *	-	2,150
<b>Total finance income</b>	<b>2,850,159</b>	<b>4,242,866</b>

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

#### 5. Other income

	Group	
	2018 RM	2017 RM Restated
Net unrealised foreign currency exchange gain	-	11,883,002
Net gain on disposal of property, plant and equipment	241,951	112,986
Commission income and other incentives	412,890	2,770
Rental income of office premises	572,046	304,386
Reversal of impairment loss on trade receivables (Note 34(c))	1,022,689	973,877
Gain on redemption of available-for-sale financial assets - money market fund	494,290	413,234
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 (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
Waiver of debts by previous owner of a subsidiary	988,908	-
Dividend income from available-for-sale financial assets - quoted equity shares	199,141	-
Miscellaneous income	593,598	635,162
<b>Total other income</b>	<b>4,525,513</b>	<b>808,276,802</b>

#### 6. Finance costs

	Group	
	2018 RM	2017 RM Restated
Interest expense on:		
- Revolving credit	1,251,356	1,274,698
- Obligations under finance leases	73,617	70,152
- Bank overdraft	11,249	-
	1,336,222	1,344,850
Unwinding of discount on amounts due to customers (payables) *	-	100,164
<b>Total finance costs</b>	<b>1,336,222</b>	<b>1,445,014</b>

\* 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	
	2018 RM	2017 RM Restated
Amortisation of intangible assets (Note 12)	16,931,705	15,760,183
Depreciation of property, plant and equipment (Note 11)	4,361,404	4,164,571
Write off of property, plant and equipment	6,790	350,481
(Reversal of)/Allowance for impairment loss on advances to a joint venture (Note 15)	(5,600,000)	5,600,000
Impairment loss on financial assets - trade receivables (Note 34(c))	1,986,010	1,389
(Reversal of)/Provision for foreseeable losses	(1,200,157)	427,184
Bad debts written off	1,921,865	2,526
Net foreign currency exchange loss:		
- Realised	1,121,147	8,651,878
- Unrealised	7,829,514	-
Directors' fees	2,919,568	2,951,232
Employee benefits expense (Note 8)	208,862,424	207,999,419
Loss on dilution of interest in an associate arising from issuance of new shares pursuant to employee shares incentive plan (Note 14)	-	248,641
Loss on disposal of available-for-sale financial assets - quoted equity shares	6,316,460	-
Audit fees:		
- Auditors of the Company	1,707,627	897,049
- Other auditors	547,577	1,191,508
Non-audit fees:		
- Auditors of the Company	602,391	251,368
- Other auditors	167,058	172,168
Operating lease expenses (Note 33(b))	9,315,883	7,072,916

Total software project costs (including employee benefits expense) amounted to RM48,740,759 (2017: RM48,044,429).

## 8. Employee benefits expense (including directors' remuneration)

	Group	
	2018 RM	2017 RM Restated
Wages and salaries	201,833,771	188,429,685
Defined contribution plans	17,234,206	15,965,141
Defined benefit obligation (Note 30)	886,686	1,528,214
Performance shares issued (Note 23(d))	1,271,254	11,690,196
Allowance for unutilised leave	1,726,127	497,036
Other employee benefits	5,238,005	5,162,047
	228,190,049	223,272,319
Less: Capitalised under intangible assets (Note 12)	(17,924,325)	(6,307,930)
Less: Capitalised under contract work-in-progress (Note 16)	(1,403,300)	(8,964,970)
	208,862,424	207,999,419

9. Income tax expense

	Group	
	2018 RM	2017 RM Restated
Current income tax:		
- Malaysia	6,312,869	5,807,431
- Singapore	4,324,385	3,264,106
- Thailand	413,643	386,602
- Brunei	773,758	886,208
- Indonesia	1,532,105	1,653,946
- Philippines	989,206	1,203,523
- Slovakia	654,293	174,078
- Others	157,654	22,540
	15,157,913	13,398,434
Deferred tax (Note 28)		
- Origination and reversal of temporary differences	(13,401,323)	29,256,997
Under/(Over) provision in prior financial years:		
- Income tax	489,049	(566,244)
- Deferred tax (Note 28)	(425,868)	(136,646)
	63,181	(702,890)
Income tax expense for the year	1,819,771	41,952,541
Foreign and withholding tax	11,289,913	62,510,406
	13,109,684	104,462,947

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

	2018	2017
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		
- Tier 1 first HKD 2 million	8%	17%
- Tier 2 next HKD 2 million	17%	17%
New Zealand	28%	28%
Czech Republic	19%	19%
United Kingdom	19%	20%
Slovakia	21%	21%
Vietnam	20%	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 2018 and 2017 are as follows:

	Group	
	2018 RM	2017 RM Restated
Profit before tax	147,189,928	968,200,326
Tax calculated at a tax rate of:		
- Malaysia 24% (2017: 24%)	30,124,585	35,437,288
- Singapore 17% (2017: 17%)	1,522,661	37,915
- Thailand 20% (2017: 20%)	1,036,055	1,512,258
- Brunei 19% (2017: 19%)	838,792	976,799
- Indonesia 25% (2017: 25%)	1,316,457	1,131,816
- Japan 31% (2017: 31%)	256,583	(1,687,697)
- Philippines 30% (2017: 30%)	910,411	1,161,179
- China 25% (2017: 25%)	-	(768,018)
- Hong Kong 8% (2017: 17%)	(151,166)	132,001,945
- New Zealand 28% (2017: 28%)	(4,445,285)	(1,366,233)
- Czech Republic 19% (2017: 19%)	(97,920)	(146,464)
- United Kingdom 19% (2017: 20%)	1,086	(21,110)
- Slovakia 21% (2017: 21%)	(200,652)	617,156
- Vietnam 20% (2017: 20%)	(173,567)	(41,324)
Tax effect of:		
- Share of loss of a joint venture and associates	4,445,285	2,072,091
- Partial exemption and tax relief	(784,634)	(1,590,438)
- Exempted income under pioneer status <sup>1</sup>	(24,452,051)	(30,511,706)
- Exempted income under promotional privileges <sup>2</sup>	(830,444)	(1,311,559)
- Expenses not deductible for tax purposes:		
Net foreign currency exchange loss	2,307,083	1,763,251
Loss on disposal of available-for-sale financial assets - quoted equity shares	505,317	-
Others	7,344,075	6,981,327
- 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	(3,068,330)	(12,970,993)
Gain on dilution of interest arising from issuance of new shares	-	(3,101,789)
Others	(1,710,699)	(4,174,947)
- Tax rebates	(38,102)	(72,048)
- Enhanced capital allowances	(10,449)	(81,665)
- Change in tax rate	(4,808)	-
Deferred tax assets unrecognised	864,378	1,707,769
Recognition of deferred tax assets previously not recognised	(10,027,785)	-
Deferred tax on undistributed profits of a subsidiary and an associate (Note 28)	10,152	(4,975,987)
Effect of temporary difference originating and reversing during the pioneer period	800,558	(309,461)
Utilisation of tax losses previously not recognised	(3,795,112)	(347,747)
Utilisation of bilateral tax credit	(735,884)	(5,875)
Under/(Over) provision of income tax in prior financial years	489,049	(566,244)
Over provision of deferred tax in prior financial years	(425,868)	(136,646)
Income tax expense for the year	1,819,771	41,952,541
Foreign and withholding tax	11,289,913	62,510,406
	13,109,684	104,462,947

## 9. Income tax expense (cont'd)

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

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.

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.

- Five Malaysian subsidiaries of the Group, Silverlake Axis MSC Sdn. Bhd. ("SAMSC"), Merimen Online Sdn. Bhd. ("MOSB"), Silverlake Structured Services Sdn. Bhd. ("SSSVC"), Silverlake Digital Economy Sdn. Bhd. ("SDE") and Silverlake One Paradigm Sdn. Bhd. ("SOP"), are Multimedia Super Corridor Status Companies and enjoy the incentives, rights and privileges provided for under the Bill of Guarantees.

The pioneer period of these subsidiaries are as follows:

Subsidiaries	Commencement date	Expiry date	Extended expiry date
SAMSC	1 November 2007	31 October 2012	31 October 2017
MOSB	31 July 2008	30 July 2013	30 July 2018
SSSVC	13 August 2009	12 August 2014	12 August 2019
SDE	23 May 2012	22 May 2017	22 May 2022
SOP	23 March 2016	22 March 2021	-

- 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. These promotional privileges have expired during the financial year on 3 March 2018.



## 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	
	2018	2017 Restated
Profit net of tax attributable to owners of the parent (RM)	134,090,521	863,732,377
Weighted average number of ordinary shares for basic earnings per share computation *	2,635,387,566	2,645,626,429
Basic earnings per share (RM sen)	5.09	32.65
Weighted average number of ordinary shares for diluted earnings per share computation **	2,637,787,566	2,648,026,429
Diluted earnings per share (RM sen)	5.08	32.62

\* 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 (2017: 2,400,000) 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
<b>At 30 June 2018</b>					
<b>Cost</b>					
At 1 July 2017	7,153,765	8,227,127	4,256,833	11,405,109	31,042,834
Additions	-	2,221,072	2,117,753	1,531,107	5,869,932
Disposals	-	(63,645)	(1,711,179)	(8,559)	(1,783,383)
Written off	-	(76,943)	-	(108,318)	(185,261)
Transfer (Note a)	-	-	-	(1,899)	(1,899)
Currency translation differences	-	(359,534)	(79,816)	(465,716)	(905,066)
At 30 June 2018	7,153,765	9,948,077	4,583,591	12,351,724	34,037,157
<b>Accumulated depreciation</b>					
At 1 July 2017	-	2,321,192	2,753,965	6,590,392	11,665,549
Charge for the year (Note 7)	-	1,462,908	570,416	2,328,080	4,361,404
Disposals	-	(63,645)	(1,694,825)	(6,287)	(1,764,757)
Written off	-	(73,427)	-	(105,044)	(178,471)
Transfer (Note a)	-	-	-	(380)	(380)
Currency translation differences	-	(154,602)	(44,444)	(262,587)	(461,633)
At 30 June 2018	-	3,492,426	1,585,112	8,544,174	13,621,712
<b>Net carrying amount</b>	7,153,765	6,455,651	2,998,479	3,807,550	20,415,445
<b>At 30 June 2017 (Restated)</b>					
<b>Cost</b>					
At 1 July 2016	7,153,765	5,390,678	4,632,930	10,642,557	27,819,930
Additions	-	4,838,338	150,187	2,033,328	7,021,853
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	4,256,833	11,405,109	31,042,834
<b>Accumulated depreciation</b>					
At 1 July 2016	-	2,694,922	2,693,970	5,650,824	11,039,716
Charge for the year (Note 7)	-	1,355,663	567,268	2,241,640	4,164,571
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	2,753,965	6,590,392	11,665,549
<b>Net carrying amount</b>					
At 1 July 2016	7,153,765	2,695,756	1,938,960	4,991,733	16,780,214
At 30 June 2017	7,153,765	5,905,935	1,502,868	4,814,717	19,377,285

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

Company	Office equipment RM
<b>At 30 June 2018</b>	
<b>Cost</b>	
At 1 July 2017	5,800
Additions	4,422
At 30 June 2018	10,222
<b>Accumulated depreciation</b>	
At 1 July 2017	5,800
Charge for the year	294
At 30 June 2018	6,094
<b>Net carrying amount</b>	4,128
<b>At 30 June 2017</b>	
<b>Cost</b>	
At 1 July 2016	32,363
Written off	(26,563)
At 30 June 2017	5,800
<b>Accumulated depreciation</b>	
At 1 July 2016	32,363
Written off	(26,563)
At 30 June 2017	5,800
<b>Net carrying amount</b>	-

**(a) Transfer of asset**

During the financial year, an office equipment with net carrying amount of RM1,519 was transferred to a key management personnel of the Group as death gratuity. The amount was included in "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 RM2,699,532 (2017: RM1,010,420) 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 RM4,115,380 (2017: RM2,652,517; 2016: RM2,805,642).

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 (2017 and 2016: RM7,153,765) is pledged to secure overdraft facilities of a subsidiary (Note 26). The freehold land pledged had been discharged in the previous 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
<b>At 30 June 2018</b>							
<b>Cost</b>							
At 1 July 2017	104,674,269	46,308,554	65,432,117	19,505,112	2,016,000	110,578,589	348,514,641
Additions							
- internal development	20,966,510	-	-	-	-	-	20,966,510
- purchased	-	5,307	-	-	-	-	5,307
Currency translation differences	(3,512,566)	(2,578,749)	(2,069,181)	(369,334)	-	(2,646,626)	(11,176,456)
At 30 June 2018	122,128,213	43,735,112	63,362,936	19,135,778	2,016,000	107,931,963	358,310,002
<b>Accumulated amortisation</b>							
At 1 July 2017	64,092,443	34,275,603	31,055,440	6,833,845	2,016,000	-	138,273,331
Charge for the year (Note 7)	5,182,326	3,351,073	6,498,887	1,899,419	-	-	16,931,705
Currency translation differences	(2,529,152)	(1,938,534)	(1,197,214)	(85,774)	-	-	(5,750,674)
At 30 June 2018	66,745,617	35,688,142	36,357,113	8,647,490	2,016,000	-	149,454,362
<b>Accumulated impairment loss</b>							
At 1 July 2017/30 June 2018	2,135,984	-	-	-	-	-	2,135,984
<b>Net carrying amount</b>	53,246,612	8,046,970	27,005,823	10,488,288	-	107,931,963	206,719,656

## 12. Intangible assets (cont'd)

Group	Software development expenditure RM	Purchased software RM	Proprietary software RM	Customer relationship RM	Customer contracts RM	Goodwill RM	Total RM
<b>At 30 June 2017 (Restated)</b>							
<b>Cost</b>							
At 1 July 2016	93,465,997	41,388,689	63,646,888	19,124,840	2,016,000	108,200,874	327,843,288
Additions							
- internal development	7,667,551	-	-	-	-	-	7,667,551
- 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	104,674,269	46,308,554	65,432,117	19,505,112	2,016,000	110,578,589	348,514,641
<b>Accumulated amortisation</b>							
At 1 July 2016	57,306,234	31,626,428	23,832,629	4,890,113	2,016,000	-	119,671,404
Charge for the year (Note 7)	4,297,942	3,123,958	6,439,958	1,898,325	-	-	15,760,183
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	64,092,443	34,275,603	31,055,440	6,833,845	2,016,000	-	138,273,331
<b>Accumulated impairment loss</b>							
At 1 July 2016/30 June 2017	2,135,984	-	-	-	-	-	2,135,984
<b>Net carrying amount</b>							
At 1 July 2016	34,023,779	9,762,261	39,814,259	14,234,727	-	108,200,874	206,035,900
At 30 June 2017	38,445,842	12,032,951	34,376,677	12,671,267	-	110,578,589	208,105,326

### **Software development expenditure**

Included in software development expenditure capitalised during the financial year is employee benefits expense amounted to RM17,924,325 (2017: RM6,307,930) (Note 8).

### **Purchased software**

Purchased software represents mainly software acquired from third parties for enhancing front-end customer interaction software components and expansion of the capabilities of the Group's existing software solutions.

### **Proprietary software**

Proprietary software represents software acquired through the acquisition of Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri") Group, Cyber Village Sdn. Bhd. ("CVSB"), Merimen Ventures Sdn. Bhd. ("Merimen") Group 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 financial year 2016 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 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 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 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, CVSB, Merimen Group and SPI Group.

Goodwill acquired through business combinations has been allocated to four cash-generating units ("CGUs"), as follows:

	2018 RM	2017 RM
Payments and integration solution	30,635,919	32,227,745
Insurance processing solution	37,894,012	37,894,012
Mobile and internet solution	23,032,343	23,032,343
Silverlake Symmetri retail banking solution	16,369,689	17,424,489
	107,931,963	110,578,589

### **Purchased software held under finance leases**

In the previous financial year, the Group acquired software with an aggregate cost of RM162,348 by means of finance leases.

The carrying amount of purchased software of the Group held under finance leases as at the reporting date were RM115,834 (2017: 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 RM16,931,705 (2017: RM15,760,183) (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 (2017: 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	
	2018	2017	2018	2017	2018	2017	2018	2017
Discount rate	12%	12%	15%	15%	13%	13%	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	
	2018 RM	2017 RM
<b>Shares at cost, unquoted</b>		
At beginning of the year	1,899,157,593	1,899,157,593
Acquisition of subsidiaries by way of:		
- issuance of shares	154,915,719	-
- deferred payment arrangement (Note a(iii))	233,743,461	-
At end of the year	2,287,816,773	1,899,157,593
<b>Accumulated impairment</b>		
At beginning of the year	(35,284,000)	(4,284,000)
Impairment loss for the year	(34,198,000)	(31,000,000)
At end of the year	(69,482,000)	(35,284,000)
<b>Carrying amount</b>	2,218,334,773	1,863,873,593

### 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	
			2018 %	2017 %
Held by the Company:				
Silverlake Axis Sdn. Bhd. *	Rendering of software project, maintenance and enhancement services and provision of management services to related companies	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") #	Investment holding and provision of electronic insurance claim solution services	Malaysia	100	100
Cyber Village Sdn. Bhd. ("CVSB") *	Provision of internet and mobile services, portal, customer loyalty and e-commerce solutions and services	Malaysia	100	100
Silverlake Symmetri (Singapore) Pte. Ltd. ("Symmetri") *	Provision of customised software solutions for banking and financial services industry	Singapore	100	100
Silverlake Investment Ltd. ("SIL") (Note a) *	Investment holding	Bermuda	100	-



13. Investments in subsidiaries (cont'd)

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held	
			2018 %	2017 %
<b>Held by SAACIS:</b>				
Silverlake Holdings Sdn. Bhd. *	Trading of IBM products in Malaysia and the rendering of enhancement services	Malaysia	100	100
Silverlake Axis MSC Sdn. Bhd. *	Rendering of software project services and provision of enhancement services	Malaysia	100	100
<b>Held by QRT:</b>				
QR Retail Automation (Asia) Sdn. Bhd. *	Software trading, development and maintenance services	Malaysia	100	100
QR Retail Automation (S) Pte. Ltd. ^^	Software trading, development and maintenance services	Singapore	100	100
<b>Held by SSL:</b>				
Silverlake Structured Services Sdn. Bhd. *	Services and maintenance of Silverlake customised software	Malaysia	100	100
Silverlakegroup Pte. Ltd. **	Services and maintenance of Silverlake customised software	Singapore	100	100
Silverlakegroup Pte. Ltd. (Philippines branch) ****	Services and maintenance of Silverlake customised software	Philippines	100	100
Silverlake Structured Services Ltd. ***	Services and maintenance of Silverlake customised software	Thailand	100	100
PT Structured Services ^^^	Services and maintenance of Silverlake customised software	Indonesia	100	100
Silverlake Sistem Sdn. Bhd. ^^^^	Services and maintenance of Silverlake customised software	Brunei	100	100
<b>Held by SPI:</b>				
Symmetric Payments & Integration Pte. Ltd. **	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	
			2018 %	2017 %
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	100
Merimen Technologies (Thailand) Co. Ltd#####	Provision of electronic insurance claim solution services	Thailand	100	100
Merimen Technologies Hong Kong Limited #####	Provision of electronic insurance claim solution services	Hong Kong	100	100
Merimen Technologies (Malaysia) Sdn. Bhd. \$	Develop and commercialise a data science and machine learning product for insurance industry	Malaysia	100	-
Merimen Automotive Group Sdn. Bhd. \$\$	Investment holding for the commercialisation of Software-as-a-Service solutions for automotive industry	Malaysia	100	-
Held by CVSB:				
Affinities Village Sdn. Bhd. \$\$\$	Provision of innovative insurance and financial services ecosystem solutions including the offers of Software-as-a-Service and licensing of fintech and insurtech platforms	Malaysia	100	-
Held by Symmetri:				
Silverlake Symmetri (Malaysia) Sdn. Bhd. °	Provision of card and payment software solution services	Malaysia	100	100

13. Investments in subsidiaries (cont'd)

Name of companies	Principal activities	Country of incorporation	Proportion of ownership interest held	
			2018 %	2017 %
Held by Symmetri: (cont'd)				
Silverlake Symmetri (Philippines) Enterprises, Inc. <sup>aa</sup>	Provision of services related to designing, selling and installing computer hardware and software	Philippines	100	100
Silverlake Symmetri (Thailand) Limited <sup>aaa</sup>	Dormant	Thailand	100	100
Silverlake Symmetri Pakistan (PVT.) Limited <sup>aaaa</sup>	Provision of services related to designing, developing, engineering, promoting, exporting, marketing and selling computer related technologies, products and services	Pakistan	100	100
Silverlake Symmetri (Czech Republic) s.r.o.	Dormant	Czech Republic	100	100
Silverlake Symmetri (Europe) Limited <sup>aaaaa</sup>	Dormant	United Kingdom	100	100
Silverlake Symmetri (Slovakia) spol. s.r.o. <sup>aaaaaa</sup>	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
Held by SIL:				
Silverlake Digital Economy Sdn. Bhd. *	Marketing of computer equipment and software, licensing of software, and provision of modification, implementation and maintenance services	Malaysia	100	-
Silverlake Digitale Sdn. Bhd. *	Marketing of computer equipment and software, licensing of software, and provision of modification, implementation and maintenance services	Malaysia	100	-
Silverlake One Paradigm Sdn. Bhd. *	Marketing of computer equipment and software, licensing of software, and provision of modification, implementation and maintenance services	Malaysia	100	-

### 13. Investments in subsidiaries (cont'd)

*	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, Nurdyaman, Mulyadi, Tjahjo & Rekan (Crowe Horwath, 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 Ramon F. Garcia and Company CPA, Philippines
####	Audited by Crowe Horwath, Vietnam
#####	Audited by ANS Audit Co., Ltd., Thailand
#####	Audited by Crowe Horwath, Hong Kong
ð	Audited by Grant Thornton, Malaysia
ðð	Audited by PricewaterhouseCoopers, Philippines
ððð	Audited by PricewaterhouseCoopers, Thailand
ðððð	Audited by Feroz Aziz & Company, Pakistan
ððððð	Audited by Hazlems Ferton LLP
ðððððð	Audited by Ing. Helena Ivaničová, Slovakia
\$	Incorporated on 1 August 2017 and remained dormant in financial year 2018
\$\$	Incorporated on 3 January 2018 and remained dormant in financial year 2018
\$\$\$	Incorporated on 22 February 2018 and remained dormant in financial year 2018

#### Acquisition of subsidiaries

##### Current financial year

##### (a) Silverlake Investment Ltd. ("SIL")

On 18 April 2018, the Company acquired 100% equity interest in Silverlake Investment Ltd. ("SIL"), a private company incorporated in Bermuda. SIL with its wholly-owned subsidiaries, Silverlake Digital Economy Sdn. Bhd. ("SDE"), Silverlake Digitale Sdn. Bhd. ("SDS") and Silverlake One Paradigm Sdn. Bhd. ("SOP") (collectively, the "SIL Group"), provide the front and middle layer to enhance the Company's digital capabilities. These layers are plugged into core banking systems to provide digital engagement and digital experience capabilities.

The Company has acquired SIL Group to expand its portfolio of Fintech software products and services to address the growing demand for transformational digital banking from its customers.

##### Consideration for the acquisition of SIL Group

The purchase consideration comprises a Base Consideration satisfied by the issuance of shares of the Company upon completion and an Earn-Out Consideration payable in cash ("Cash Option") and/or shares ("Earn-Out Consideration Shares") in the financial year ending 2021. The total purchase consideration shall not exceed 25% of the Company's market capitalisation as at 20 October 2017, the date of share sale and purchase agreement, of SGD469,774,624 (equivalent to RM1,462,032,585) ("Consideration Cap"), arrived at by multiplying the Company's issued shares excluding treasury shares of 2,646,617,600 with an agreed issue price of SGD0.71 per share ("Agreed Issue Price").

##### (i) Base Consideration ("BC")

The BC for each acquired entity is based on a multiple of the adjusted net profit after tax ("Adjusted NPAT") for the financial year ended 31 December 2016 ("FY2016"), as follows:

- (a) the BC for SDE acquisition is RM93,893,801, being 11 times of SDE's Adjusted NPAT of approximately RM8,535,800 for FY2016;

### 13. Investments in subsidiaries (cont'd)

#### Acquisition of subsidiaries (cont'd)

##### Current financial year (cont'd)

- (a) Silverlake Investment Ltd. ("SIL") (cont'd)

##### Consideration for the acquisition of SIL Group (cont'd)

- (i) Base Consideration ("BC") (cont'd)

The BC for each acquired entity is based on a multiple of the adjusted net profit after tax ("Adjusted NPAT") for the financial year ended 31 December 2016 ("FY2016"), as follows: (cont'd)

- (b) the BC for SDS acquisition is RM46,587,566, being 8 times of SDS's Adjusted NPAT of approximately RM5,823,446 for FY2016; and
- (c) the BC for SOP acquisition is RM14,434,352, being 8 times of SOP's Adjusted NPAT of approximately RM1,804,294 for FY2016.

The aggregate BC of RM154,915,719 (equivalent to SGD49,776,916) was satisfied by the reissuance of 70,108,332 treasury shares of the Company, at the Agreed Issue Price, amounted to RM123,811,314 (Note 23(c)), upon completion. The surplus on reissuance of treasury shares of RM31,104,405 was recognised in the share premium account (Note 23(b)).

- (ii) Earn-Out Consideration ("EOC")

The EOC is only payable for each acquired entity achieving an average year-on-year percentage growth ("Average % Growth"), in its Adjusted NPAT, of at least 25% over the period from 1 January 2017 to 30 June 2020 as specified below:

- from 1 January 2017 to 30 June 2018, on an annualised basis ("FY2018");
- from 1 July 2018 to 30 June 2019 ("FY2019"); and
- from 1 July 2019 to 30 June 2020 ("FY2020").

The EOC shall be based on a multiple of the average Adjusted NPAT over FY2018 to FY2020 ("AVNPAT"), less the BC of each acquired entity as follows:

	Average % Growth	
	Between 25% to 50%	Above 50%
SDE acquisition	11.0 times of AVNPAT, less its BC	14.5 times of AVNPAT, less its BC
SDS acquisition	10.0 times of AVNPAT, less its BC	12.0 times of AVNPAT, less its BC
SOP acquisition	10.0 times of AVNPAT, less its BC	12.0 times of AVNPAT, less its BC

With the Consideration Cap of SGD469,774,624 (equivalent to RM1,462,032,585), the EOC shall not exceed SGD419,997,708 (equivalent to RM1,307,116,866), being the balance arrived at after deducting the BC paid.

The Company shall notify the vendors on their entitlements under the EOC within no later than seven days from the issuance of the audited financial statements of the acquired entities for FY2020 ("Company Notification"). The vendors may exercise Cash Option and the Company has the option to settle the EOC partially in cash based on funding available and settle the balance portion of EOC by Earn-Out Consideration Shares, at the higher of the Agreed Issue Price or the average volume weighted average price of the shares of the Company over the five market days immediately preceding the date of Company Notification. The EOC amount shall be paid within a period of up to seven months from the date of Company Notification.

As at the acquisition date, the fair value of EOC was estimated to be RM233,743,461 recognised under "Other Payable (non-current)" in the statements of financial position. The fair value of the EOC was calculated using the "probability-weighted average of payouts" method at a discount rate of 9%.

### 13. Investments in subsidiaries (cont'd)

#### Acquisition of subsidiaries (cont'd)

##### Current financial year (cont'd)

- (a) Silverlake Investment Ltd. ("SIL") (cont'd)

##### Impact of acquisition on consolidated income statement

The results of the subsidiaries that have been accounted in the consolidated income statement under the pooling of interest method presented below are before elimination of intra-group transactions:

	SIL Group	
	2018 RM	2017 RM
Revenue	47,503,985	54,983,601
Profit before tax	11,960,453	19,966,015
Profit for the year	6,372,703	16,997,024
Total assets	67,088,188	57,742,692
Total liabilities	31,515,478	24,095,685

Acquisition-related costs of RM2,847,531 have been recognised in the "Administrative expenses" line item in the consolidated income statement for the financial year ended 30 June 2018.

##### 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 RM34,198,000 (2017: RM31,000,000) were 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
At beginning of the year	106,380,900
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)	(248,641)
- Issuance of new shares to part finance the acquisition of business and for private placements (Note 5)	18,798,722
Share of loss for the year	(2,823,433)
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	-

14. Investments in associates (cont'd)

	Company	
	2018 RM	2017 RM
Shares, at cost	21,000,000	21,000,000
Accumulated impairment losses	(21,000,000)	(21,000,000)
	-	-

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		
			2018 %	2017 %	2016 %
<b>Held by STTL:</b>					
Global InfoTech Co. Ltd. ("GIT") ^	Provision of Information Technology services focusing on the financial services sector in the People's Republic of China ("PRC")	PRC	-	-	20.01
<b>Held by the Company:</b>					
ePetrol Silverswitch Sdn. Bhd. ("ePetrol") ^^	Dormant	Malaysia	24.50	24.50	24.50

^ Audited by Ruihua Certified Public Accountants (LLP), China

^^ Audited by BDO Binder, Malaysia

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 was derived based on Level 1 valuation input under the fair value hierarchy.

14. Investments in associates (cont'd)

- (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
<b>Total assets</b>	-	578,897,260
Non-current liabilities	-	25,621,778
Current liabilities	-	48,241,741
<b>Total liabilities</b>	-	73,863,519
<b>Net assets</b>	-	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
<b>Carrying amount of the investment</b>	-	106,380,900

(ii) Summarised statement of comprehensive income

	GIT
	2017 RM
Revenue	494,123,048
Loss for the year from operations	(17,390,366)
Total comprehensive loss	(17,390,366)

- (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 RM7,644,139 (2017: RM4,356,630; 2016: RM2,748,263), of which RM3,287,509 (2017: 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.



#### 14. Investments in associates (cont'd)

##### **Financial year ended 30 June 2017**

###### Impairment testing of investments in associates

During the previous 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 was recognised in the previous financial year to write down the carrying amount of this investment to its recoverable amount in the Company's statement of financial position. The Company's investment in associate was fully impaired in previous 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 previous 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.

15. Interest in a joint venture

	Group		
	2018 RM	2017 RM	2016 RM
At beginning of the year	30,175,732	31,611,357	28,359,311
Advances to a joint venture	82,519	129,650	235,254
Share of loss for the year	(15,876,018)	(4,879,403)	(302,525)
Share of other comprehensive income	63,800	1,419	-
Currency translation differences	(4,778,040)	3,312,709	3,319,317
At end of the year	9,667,993	30,175,732	31,611,357
<i>Comprise:</i>			
Shares, at cost	139	139	139
Advances to a joint venture (Note 17)	32,092,701	36,788,222	33,345,863
Allowance for impairment loss on advances to a joint venture (Note 17)	-	(5,600,000)	-
Share of post acquisition reserves	(22,424,847)	(1,012,629)	(1,734,645)
	9,667,993	30,175,732	31,611,357
Fair value of interest in a joint venture *	23,108,210	30,175,732	24,760,853

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

	Company	
	2018 RM	2017 RM
Shares, at cost	139	139
Advances to a joint venture (Note 17)	32,092,701	36,788,222
Allowance for impairment loss on advances to a joint venture (Note 17)	(8,984,000)	(6,612,000)
	23,108,840	30,176,361

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		
			2018 %	2017 %	2016 %
<b>Held by the Company:</b>					
Silverlake HGH Limited ("SHGH") ^	Investment holding	New Zealand	51.00	51.00	51.00
<b>Held by SHGH:</b>					
Finzsoft Solutions Limited ("Finzsoft") ^	Computer software development, sales and support with hosting and SaaS Bureau Service	New Zealand	85.47	85.47	85.47

^ Audited by Staples Rodway, Chartered Accountants, Auckland, New Zealand

## 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.

### (i) Summarised statement of financial position

	SHGH		
	2018 RM	2017 RM	2016 RM
Cash and bank balances	1,062,630	7,571,843	1,303,788
Trade and other receivables	7,215,223	6,789,438	9,952,721
Current assets	8,277,853	14,361,281	11,256,509
Non-current assets excluding goodwill	35,687,577	44,842,476	40,080,310
Goodwill	69,186	45,400,601	41,224,801
Non-current assets	35,756,763	90,243,077	81,305,111
<b>Total assets</b>	<b>44,034,616</b>	<b>104,604,358</b>	<b>92,561,620</b>
Current liabilities representing total liabilities	(82,554,886)	(92,935,962)	(85,532,574)
Non-controlling interests	(3,764,794)	(11,968,719)	(8,745,087)
<b>Net liabilities</b>	<b>(42,285,064)</b>	<b>(300,323)</b>	<b>(1,716,041)</b>
Proportion of the Group's ownership	51%	51%	51%
<b>Group's share of net liabilities</b>	<b>(21,565,383)</b>	<b>(153,165)</b>	<b>(875,181)</b>
Advances to a joint venture	32,092,701	36,788,222	33,345,863
Allowance for impairment loss on advances to a joint venture	-	(5,600,000)	-
Dilution of interest in a joint venture	(859,325)	(859,325)	(859,325)
<b>Carrying amount of the investment</b>	<b>9,667,993</b>	<b>30,175,732</b>	<b>31,611,357</b>

### (ii) Summarised statement of comprehensive income

	SHGH	
	2018 RM	2017 RM
Revenue	37,134,735	41,604,834
Depreciation and amortisation	(7,348,810)	(6,290,606)
Interest income	924	86,289
Interest expense	(65,527)	(65,005)
(Loss)/Profit before tax	(43,054,384)	3,020,370
Income tax credit/(expense)	944,545	(1,607,435)
(Loss)/Profit after tax	(42,109,839)	1,412,935
Other comprehensive income	125,098	2,783
Total comprehensive (loss)/income	(41,984,741)	1,415,718

## 15. Interest in a joint venture (cont'd)

### 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 2018, the advances given by the Company to SHGH amounted to NZD11,731,932 (2017: NZD11,702,950; 2016: NZD11,659,392) which is equivalent to RM32,092,701 (2017: RM36,788,222; 2016: RM33,345,863).

### 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 loss of RM2,372,000 (2017: RM6,612,000) 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. Impairment loss of RM5,600,000 (Note 7) recognised in the previous financial year in the Group's statement of financial position has been reversed during the financial year as the recoverable amount of the investment is higher than its carrying amount following the share of loss in current financial year.

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

	Group		
	2018 RM	2017 RM	2016 RM
Aggregate amount of costs incurred and recognised profits (less recognised losses) to date	205,492,678	196,809,453	298,222,024
Provision for foreseeable losses	(1,023,814)	(2,731,950)	(2,161,114)
Progress billings	(191,922,596)	(175,907,071)	(283,338,833)
	12,546,268	18,170,432	12,722,077
<i>Presented as:</i>			
Amounts due from customers for contract work-in-progress	55,829,157	28,666,043	26,654,696
Amounts due to customers for contract work-in-progress	(43,282,889)	(10,495,611)	(13,932,619)
	12,546,268	18,170,432	12,722,077

Included in contract work-in-progress capitalised during the financial year is employee benefits expense amounted to RM1,403,300 (2017: RM8,964,970) (Note 8).

## 17. Trade and other receivables

	Group			Company	
	2018 RM	2017 RM Restated	2016 RM Restated	2018 RM	2017 RM
<b>Trade receivables</b>					
Third parties	135,116,756	145,627,255	169,778,412	-	-
Less: Allowance for impairment (Note 34(c))	(3,140,800)	(2,229,929)	(3,079,129)	-	-
<b>Net trade receivables (Note 34(c))</b>	131,975,956	143,397,326	166,699,283	-	-
<b>Other receivables</b>					
Sundry receivables	3,361,817	7,108,292	8,794,842	144,727	29,167
Deposits	3,763,826	3,338,081	2,926,844	-	-
Amount due from a director	-	416,755	3,318,180	-	-
	7,125,643	10,863,128	15,039,866	144,727	29,167
<b>Total trade and other receivables</b>	139,101,599	154,260,454	181,739,149	144,727	29,167
Trade and other receivables	139,101,599	154,260,454	181,739,149	144,727	29,167
Dividend receivables	-	-	-	-	129,290,101
Advances to a joint venture (Note 15)	32,092,701	31,188,222	33,345,863	23,108,701	30,176,222
Amounts due from:					
- Subsidiary (Note 18)	-	-	-	15,486	-
- Related parties (Note 18)	50,027,486	24,693,456	50,757,759	-	-
Cash and bank balances (Note 22)	304,042,436	732,363,597	229,696,945	88,902,117	78,941,196
<b>Total loans and receivables</b>	525,264,222	942,505,729	495,539,716	112,171,031	238,436,686

### **Trade receivables**

Trade receivables are non-interest bearing and are generally on 30 days to 45 days (2017 and 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 2018, 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.

Amount due from a director represents advances given by Silverlake Investment Ltd. Group ("SIL Group") prior to the acquisition of SIL Group. This balance was non-trade, unsecured, non-interest bearing and repayable in cash on demand.

In financial year 2016, included in sundry receivables of the Group was account receivable of RM3,350,772 distributed from Unisoft Holdings Ltd. upon liquidation in year 2012. This receivable was 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. In financial year 2017, the debtor had fully repaid the loan given by the Group.

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

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

	Group			Company	
	2018 RM	2017 RM Restated	2016 RM Restated	2018 RM	2017 RM
Amount due to holding company (Note 29)	(213,120)	(4,291,841)	(1,889,084)	-	-
Amount due from a subsidiary (Note 17)	-	-	-	15,486	-
Amounts due to subsidiaries (Note 29)	-	-	-	(623,728)	(6,857)
Amounts due from related parties (Note 17)					
- Trade (Note 34(c))	49,904,390	20,401,946	48,083,401	-	-
- Non-trade	123,096	4,291,510	2,674,358	-	-
	50,027,486	24,693,456	50,757,759	-	-
Amounts due to related parties (Note 29)					
- Trade	(2,077,855)	(6,727,866)	(6,111,912)	-	-
- Non-trade	(432,286)	(6,571,843)	(6,289,694)	-	-
	(2,510,141)	(13,299,709)	(12,401,606)	-	-

**Amount due to holding company**

The amount due to holding company represents advances given to SIL Group prior to the acquisition of SIL Group. This balance is non-trade, unsecured, non-interest bearing and repayable in cash on demand.

**Amounts due from/(to) subsidiaries**

The amounts due from/(to) subsidiaries are non-trade, unsecured, non-interest bearing and repayable in cash on demand.

**Amounts due from related parties**

The amounts due from related parties are unsecured and non-interest bearing except for amounts owing by related parties to certain subsidiaries amounted to RM29,716,167 (2017: RM3,751,016; 2016: RM37,506,243) which carry interest at 1.0% (2017 and 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 (2017 and 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) holding company, 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.

In the previous financial year, the Company recognised an impairment loss on loan to a subsidiary, Silverlake Japan Ltd. ("SJL"), of RM14,200,940 as the estimated discounted 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 had been fully impaired in the previous financial year.

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

	Group	
	2018 RM	2017 RM
<b>Shares at fair value, quoted</b>		
At beginning of the year	280,305,198	-
Initial recognition at fair value (Note 14)	-	382,221,497
Subsequent fair value loss through other comprehensive income (Note 24(e))	(38,123,710)	(95,598,263)
Disposals	(29,128,922)	-
Currency translation differences	(23,272,362)	(6,318,036)
At end of the year	189,780,204	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 hierarchy.

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

	Group		
	2018 RM	2017 RM	2016 RM
Available-for-sale financial assets	4,559,997	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	
	2018 RM	2017 RM Restated	2016 RM Restated	2018 RM	2017 RM
Cash at banks and on hand	129,971,207	126,771,753	169,132,170	2,666,717	2,070,263
Short-term deposits with licensed banks	174,071,229	605,591,844	60,564,775	86,235,400	76,870,933
Cash and bank balances (Note 17)	304,042,436	732,363,597	229,696,945	88,902,117	78,941,196

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods between one day and twelve months (2017 and 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 2018, the interest rates of short-term deposits of the Group and of the Company at the reporting date range from 0.15% to 5.25% (2017: 0.15% to 6.00%; 2016: 0.15% to 7.00%) and 0.50% to 1.85% (2017: 0.25% to 0.86%; 2016: 0.25% to 0.95%) per annum respectively.

As at 30 June 2018, short-term deposits with licensed banks of the Group amounting to RM7,280,916 (2017: 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		
	2018 RM	2017 RM Restated	2016 RM Restated
Cash and bank balances	304,042,436	732,363,597	229,696,945
Less: Short-term deposits with licensed banks with maturity more than 3 months	-	(296,192,469)	-
Less: Pledged deposits	(7,280,916)	(4,236,394)	(1,228,694)
Less: Bank overdraft (Note 26)	(3,267,477)	-	-
Cash and cash equivalents	293,494,043	431,934,734	228,468,251



## 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	
	2018	2017
At beginning of the year	3,000,000,000	3,000,000,000
Created during the year	2,000,000,000	-
At end of the year	5,000,000,000	3,000,000,000

During the financial year, the Company increased its authorised share capital via the creation of 2,000 million ordinary shares of USD0.02 each.

#### (ii) Issued and fully paid

	Group and Company			
	Number of ordinary shares of USD0.02 each		Amount	
	2018	2017	2018 RM	2017 RM
At beginning and end of the year	2,696,472,800	2,696,472,800	191,040,654	191,040,654

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	
	2018 RM	2017 RM	2018 RM	2017 RM
At beginning of the year	232,217,438	229,022,558	1,668,775,194	1,665,580,314
Arising from:				
- Release of treasury shares pursuant to Performance Share Plan (Note d)	2,199,870	3,194,880	2,199,870	3,194,880
- Reissuance of treasury shares for acquisition of subsidiaries (Note 13(a)(i)) *	31,104,405	-	31,104,405	-
- Set off *	(31,104,405)	-	-	-
At end of the year	234,417,308	232,217,438	1,702,079,469	1,668,775,194

\* Pursuant to Section 40(1) of Bermuda Companies Act 1981, the share premium from the reissuance of treasury shares for acquisition of SIL Group has been set off against the merger deficit arising from the acquisition.

## 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 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
At 1 July 2017	49,855,200	86,627,098
Purchase of treasury shares	62,485,200	108,921,092
Release of treasury shares pursuant to Performance Share Plan (Note d)	(1,800,000)	(3,178,800)
Reissuance of treasury shares for acquisition of subsidiaries (Note 13(a)(i))	(70,108,332)	(123,811,314)
At 30 June 2018	40,432,068	68,558,076

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

During the financial year, the Company purchased 62,485,200 (2017: 9,356,100) shares pursuant to the share purchase mandate approved by shareholders on 26 October 2017 (2017: 26 October 2015). These shares were acquired by way of market acquisition for a total consideration of RM108,921,092 (2017: RM15,355,875) and are held as treasury shares by the Company.

The percentage of treasury shares over total ordinary shares net treasury shares amounts to 1.5% (2017: 1.9%).

### (d) Performance share plan ("PSP")

	Group and Company	
	Managing director	RM
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	
At 1 July 2017	10,163,890	
Grant of PSP (Note 8)	1,271,254	
Release of PSP	(5,378,670)	
At 30 June 2018	6,056,474	

#### 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 ended 30 June 2018 had been adjusted from 8,000,000 shares to 9,600,000 shares in financial year 2016.

## 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 (cont'd)

On 26 January 2018, 1,800,000 (2017: 2,400,000) (Note c) shares, out of 2,400,000 (2017: 2,400,000) shares which were subjected to the achievement of performance targets set for financial year ended 30 June 2017 (2017: 30 June 2016), were released from the Company's existing treasury shares at the price of SGD0.57 (2017: SGD0.56) per share at grant date, amounting to RM5,378,670 (2017: RM7,366,080) to Dr. Kwong Yong Sin in recognition of his contribution to the Group for financial year ended 30 June 2017 (2017: 30 June 2016). The surplus on reissuance of treasury shares of RM2,199,870 (2017: RM3,194,880) 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.

During the financial year, 600,000 shares had lapsed and the related expense of RM1,792,890 recognised previously had been reversed to profit or loss. The actual number of remaining 2,400,000 (2017: 4,800,000) shares shall vest subject to the achievement of pre-determined performance targets set for financial year ended 30 June 2018 (2017: 30 June 2018 and 2017). The expense on these remaining shares recognised as at the end of the reporting date in performance share plan reserve account was RM6,056,474 (2017: RM10,163,980).

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	
	2016	2015
Granted during financial year ended 30 June		
Number of shares awarded	1,600,000	10,000,000
<b>Fair value of PSP:</b>		
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.

### (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.

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

(d) Performance share plan reserve

This represents non-distributable reserve arising from performance shares granted to 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 ("AFS") reserve

	Group		
	Fair value loss on AFS financial assets	Deferred tax relating to fair value loss on AFS financial assets (Note 28)	Total
	RM	RM	RM
At 1 July 2016	-	-	-
Remeasurement on AFS financial assets (Note 20)	95,598,263	(8,400,824)	87,197,439
At 30 June 2017	95,598,263	(8,400,824)	87,197,439
At 1 July 2017	95,598,263	(8,400,824)	87,197,439
Remeasurement on AFS financial assets (Note 20)	38,123,710	(4,557,524)	33,566,186
Reclassification to profit or loss	(8,790,405)	839,998	(7,950,407)
	29,333,305	(3,717,526)	25,615,779
At 30 June 2018	124,931,568	(12,118,350)	112,813,218

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	
	2018 RM	2017 RM Restated
At beginning of the year	118,726,054	118,726,054
Arising from acquisition of subsidiaries (Note 37)	357,554,775	-
At end of the year	476,280,829	118,726,054

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	
	2018 RM	2017 RM Restated	2016 RM Restated	2018 RM	2017 RM
<b>Current</b>					
<b>Unsecured:</b>					
Revolving credit	20,720,000	88,337,362	72,239,600	20,720,000	88,337,362
<b>Secured:</b>					
Obligations under finance leases (Note 27)	1,376,291	950,204	909,691	-	-
Bank overdraft (Note 22)	3,267,477	-	-	-	-
	4,643,768	950,204	909,691	-	-
	25,363,768	89,287,566	73,149,291	20,720,000	88,337,362
<b>Non-current</b>					
<b>Secured:</b>					
Obligations under finance leases (Note 27)	2,925,844	1,747,902	1,562,002	-	-
<b>Total loans and borrowings (Note 29)</b>	<b>28,289,612</b>	<b>91,035,468</b>	<b>74,711,293</b>	<b>20,720,000</b>	<b>88,337,362</b>

### **Revolving credit**

As at reporting date, the Company has outstanding balance of revolving credit amounting to SGD7,000,000 (2017: SGD14,990,000 and USD9,700,000; 2016: SGD8,000,000 and USD12,000,000), which is equivalent to RM20,720,000 (2017: RM88,337,362; 2016: RM72,239,600). This revolving credit is guaranteed by a subsidiary with an average effective interest rate of 1.92% (2017: 1.94%; 2016: 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 effective interest rate of the leases are disclosed in Note 27.

### **Overdraft facility**

A subsidiary has an overdraft facility which is secured by personal guarantee provided by a director with effective interest rate of 8.29% per annum.

In the previous financial year, the Group had discontinued the overdraft facility which was secured by a charge over freehold land of a subsidiary (Note 11). Accordingly, the freehold land pledged had been discharged in the previous financial year.

27. Obligations under finance leases

	Group		
	2018 RM	2017 RM Restated	2016 RM Restated
<b>Minimum lease payments:</b>			
Not later than one year	1,522,381	1,006,922	973,234
Later than one year but not later than five years	2,994,847	1,814,054	1,581,921
Later than five years but not later than seven years	194,885	9,948	50,028
	4,712,113	2,830,924	2,605,183
Less: Amounts representing finance charges	(409,978)	(132,818)	(133,490)
	4,302,135	2,698,106	2,471,693
<b>The present value of the obligations under finance leases may be analysed as follows:</b>			
Not later than one year	1,376,291	950,204	909,691
Later than one year but not later than five years	2,740,744	1,738,022	1,513,335
Later than five years but not later than seven years	185,100	9,880	48,667
	4,302,135	2,698,106	2,471,693
<i>Presented as:</i>			
Current (Note 26)	1,376,291	950,204	909,691
Non-current (Note 26)	2,925,844	1,747,902	1,562,002
	4,302,135	2,698,106	2,471,693

The effective interest rates of finance lease liabilities at the reporting date range from 0.83% to 4.60% (2017: 0.83% to 5.18%; 2016: 0.97% to 5.18%) per annum.

28. Deferred tax

	Group	
	2018 RM	2017 RM Restated
At beginning of the year	34,598,764	12,753,232
Recognised in income statement (Note 9):		
Provision in current year	(13,401,323)	29,256,997
Over provision in prior financial years	(425,868)	(136,646)
Recognised in other comprehensive income:		
Provision in current year	(3,478,147)	(7,653,168)
Over provision in prior financial years	(55,215)	-
Currency translation differences	(1,784,875)	378,349
At end of the year	15,453,336	34,598,764

	Group		
	2018 RM	2017 RM Restated	2016 RM Restated
<i>Presented after appropriate offsetting as follows:</i>			
Deferred tax assets	(17,712,779)	(7,637,563)	(6,656,859)
Offsetting	1,337,458	1,760,172	866,584
Deferred tax assets (after offsetting)	(16,375,321)	(5,877,391)	(5,790,275)
Deferred tax liabilities	33,166,115	42,236,327	19,410,091
Offsetting	(1,337,458)	(1,760,172)	(866,584)
Deferred tax liabilities (after offsetting)	31,828,657	40,476,155	18,543,507
Deferred tax	15,453,336	34,598,764	12,753,232

The Group offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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	Proprietary software	Customer relationship	Property, plant and equipment	Undistributed profits of an associate and a subsidiary (Note 9)	Available-for-sale financial assets	Others	Total
	RM	RM	RM	RM	RM	RM	RM	RM
At 1 July 2016 (Restated)	1,691,467	8,677,144	2,718,740	422,887	5,126,114	-	773,739	19,410,091
Recognised in income statement:								
Provision in current year	1,583,497	(1,218,326)	(222,475)	11,373	(4,975,987)	35,668,894	(86,228)	30,760,748
Under/(Over) provision in prior financial years	-	-	-	41,791	-	-	(17,616)	24,175
Recognised in other comprehensive income (Note 24(e)):								
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 (Restated)	3,274,964	7,823,784	2,564,832	485,412	150,127	27,243,317	693,891	42,236,327
At 1 July 2017 (Restated)	3,274,964	7,823,784	2,564,832	485,412	150,127	27,243,317	693,891	42,236,327
Recognised in income statement:								
Provision in current year	2,527,566	(1,230,856)	(222,672)	(70,923)	10,152	(3,068,330)	(134,410)	(2,189,473)
(Over)/Under provision in prior financial years	(6)	-	-	35,147	-	(589,154)	(428,570)	(982,583)
Recognised in other comprehensive income (Note 24(e)):								
Provision in current year	-	-	-	-	-	(3,717,526)	-	(3,717,526)
Currency translation differences	-	(424,869)	(66,595)	(14,078)	-	(1,640,956)	(34,132)	(2,180,630)
At 30 June 2018	5,802,524	6,168,059	2,275,565	435,558	160,279	18,227,351	96,779	33,166,115



Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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	Unutilised tax losses RM	Others RM	Total RM
At 1 July 2016 (Restated)	(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)	(207,833)	(653,546)	(156,314)	(130,140)	(1,503,751)
(Under)/Over provision in prior financial years	-	(149,875)	-	1,174	(12,120)	(160,821)
Recognised in other comprehensive income (Note 30):						
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 (Restated)	(1,876,668)	(885,157)	(3,613,227)	(530,360)	(732,151)	(7,637,563)
At 1 July 2017 (Restated)	(1,876,668)	(885,157)	(3,613,227)	(530,360)	(732,151)	(7,637,563)
Recognised in income statement:						
Provision in current year	(37,190)	(167,738)	(615,852)	(9,648,693)	(742,377)	(11,211,850)
Over/(Under) provision in prior financial years	(155,466)	(28,301)	377,906	(13,204)	375,780	556,715
Recognised in other comprehensive income (Note 30):						
Provision in current year	239,379	-	-	-	-	239,379
Under provision in prior financial years	(55,215)	-	-	-	-	(55,215)
Currency translation differences	189,687	15,035	37,092	127,818	26,123	395,755
At 30 June 2018	(1,695,473)	(1,066,161)	(3,814,081)	(10,064,439)	(1,072,625)	(17,712,779)

## 28. Deferred tax (cont'd)

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

	Group		
	2018 RM	2017 RM Restated	2016 RM Restated
Unutilised tax losses	111,607,023	218,485,080	209,167,564
Unabsorbed capital allowances	8,745,358	4,114,746	28,375
	120,352,381	222,599,826	209,195,939

### **Tax consequences of proposed dividends**

There are no income tax consequences (2017 and 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).

### **Unutilised tax losses**

Included in the unutilised tax losses of RM111,607,023 (2017: RM218,485,080; 2016: RM209,167,564) are tax losses in subsidiaries of RM74,292,267 (2017: RM159,304,678; 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 RM24,107,932 (2017: RM45,370,302; 2016: RM27,483,478).

### **Unrecognised earnings**

At 30 June 2018, deferred tax liabilities of RM160,279 (2017: RM150,127; 2016: RM461,723) and Nil (2017: Nil; 2016: RM4,664,391) have been recognised for taxes that would be payable on the undistributed earnings of a subsidiary and an associate respectively. There was no other recognised deferred tax liability for taxes that would be payable on the undistributed 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 the reporting date, deferred tax liability on undistributed earnings of other subsidiaries and joint venture amounting to RM3,480,625 (2017: RM2,802,165; 2016: RM3,447,449) has not been recognised.

## 29. Trade and other payables

	Group			Company	
	2018 RM	2017 RM Restated	2016 RM Restated	2018 RM	2017 RM
<b>Current</b>					
<b>Trade payables:</b>					
- Third parties	3,590,947	6,893,641	6,006,571	-	-
- Accrual of sub-contractor fees	17,210,177	7,167,275	12,382,571	-	-
Total trade payables	20,801,124	14,060,916	18,389,142	-	-
<b>Other payables:</b>					
- Sundry payables and accruals	21,315,325	32,714,649	28,427,768	1,944,126	1,872,156
- Allowance for unutilised leave	7,948,756	6,326,208	5,584,485	-	-
- Provision for value-added tax	17,895,280	17,757,627	-	-	-
Total other payables	47,159,361	56,798,484	34,012,253	1,944,126	1,872,156
	67,960,485	70,859,400	52,401,395	1,944,126	1,872,156
<b>Non-current</b>					
<b>Other payable:</b>					
- Contingent consideration for business combination	233,743,461	-	-	233,743,461	-
Total other payable	233,743,461	-	-	233,743,461	-
<b>Total trade and other payables</b>	<b>301,703,946</b>	<b>70,859,400</b>	<b>52,401,395</b>	<b>235,687,587</b>	<b>1,872,156</b>
Trade and other payables	301,703,946	70,859,400	52,401,395	235,687,587	1,872,156
Less: Provision for value-added tax	(17,895,280)	(17,757,627)	-	-	-
Loans and borrowings (Note 26)	28,289,612	91,035,468	74,711,293	20,720,000	88,337,362
Amounts due to:					
- Holding company (Note 18)	213,120	4,291,841	1,889,084	-	-
- Subsidiaries (Note 18)	-	-	-	623,728	6,857
- Related parties (Note 18)	2,510,141	13,299,709	12,401,606	-	-
<b>Total financial liabilities carried at amortised cost</b>	<b>314,821,539</b>	<b>161,728,791</b>	<b>141,403,378</b>	<b>257,031,315</b>	<b>90,216,375</b>

### **Trade and other payables (current)**

These amounts are non-interest bearing. Trade payables are normally settled on 60 days (2017 and 2016: 60 days) term while other payables have an average term of 6 months (2017 and 2016: 6 months).

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

### **Contingent consideration for business combination**

This amount represents the fair value of the remaining purchase consideration payable to the vendors in FY2021 in relation to the acquisition of SIL Group (Note 13(a)).

### 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 based on the provisions of Labor Law No.13/2003 dated 25 March 2003. The employee benefits liability is unfunded. The employee benefits liability of this subsidiary was determined by an independent actuary in its report dated 23 July 2018 for financial year ended 30 June 2018, 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:

	2018	2017	2016
Discount rate	8.25%	7.25%	8.00%
Salary increment rate	10%	10%	10%
Mortality rate	100% *	100% *	100% *
Disability rate	5% *	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	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 actuary in its report dated 12 July 2018 for financial year ended 30 June 2018 and 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:

	2018	2017
Discount rate	8.50%	8.25%
Salary increment rate	10%	10%
Mortality rate	100% *	100% *
Disability rate	5% *	5% *
Resignation rate	5% to age 30, then decreasing linearly to 0% at age 55	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 actuary in its report dated 6 July 2018 for financial year ended 30 June 2018 and 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:

	2018	2017	2016
Discount rate	3.30%	3.60%	3.60%
Salary increment rate	12% per annum for ages up to 29; 6% per annum for ages 30 to 39; 3% per annum for ages 40 to 49; 0.50% 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	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	Thailand Mortality Ordinary 2008 Table
Disability rate	0%	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	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 actuary in its report dated 2 July 2018 for financial year ended 30 June 2018 and 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:

	2018	2017	2016
Discount rate	8.09%	5.25%	4.42%
Salary increment rate	10%	10%	10%
Mortality rate	The 2001 CSO Table - Generational (Scale AA, Society of Actuaries)	The 2001 CSO Table - Generational (Scale AA, Society of Actuaries)	The 2001 CSO Table - Generational (Scale AA, Society of Actuaries)
Disability rate	0%	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	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 conforms to the minimum regulatory benefit under the Retirement Pay Law (Republic Act No. 7641) and provides retirement benefit equal to 22.5 days pay for every year of credited service for employees who attain the normal retirement age of 60 with at least five years of service. The regulatory benefit is paid in a lump sum upon retirement. The employee benefits liability of this subsidiary was determined by an independent actuary in its report dated 2 July 2018 for the financial year ended 30 June 2018, 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:

	2018	2017	2016
Discount rate	8.05%	5.19%	5.58%
Salary increment rate	5%	5%	5%
Mortality rate	The 2001 CSO Table - Generational (Scale AA, Society of Actuaries)	The 2001 CSO Table - Generational (Scale AA, Society of Actuaries)	The 2001 CSO Table - Generational (Scale AA, Society of Actuaries)
Disability rate	0%	0%	0%
Resignation rate	17.2% per annum for ages 19 to 24; 15.8% per annum for ages 25 to 29; 14.2% per annum for ages 30 to 34; 12.1% per annum for ages 35 to 39; 6.8% per annum for ages 40 to 44; 4.6% per annum for ages 45 and above	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 details of the net employee benefits liability are as follows:**

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

The details of net employee benefits expense recognised in operations are as follows:

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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
<b>2018</b>								
Effect on the aggregate current service cost and interest cost	(347,267)	(231,567)	(263,532)	(842,366)	404,926	273,790	311,437	990,153
Effect on the PVDBO as at 30 June	(324,116)	(225,119)	(249,662)	(798,897)	377,931	266,167	295,045	939,143
<b>2017</b>								
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
<b>2016</b>								
Effect on the aggregate current service cost and interest cost	(231,552)	(141,727)	(677,558)	(1,050,837)	268,766	169,256	830,314	1,268,336
Effect on the PVDBO as at 30 June	(239,270)	(140,257)	(659,849)	(1,039,376)	277,725	167,500	808,612	1,253,837

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

**Sensitivity analysis: (cont'd)**

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. (cont'd)

**Salary increment rate**

A one percentage point change in the assumed salary increment rate would have the following effects:

	Increase in one percentage point on salary increment rate				Decrease in one percentage point on salary increment rate			
	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM	Indonesia Plan RM	Thailand Plan RM	Philippines Plan RM	Total RM
<b>2018</b>								
Effect on the aggregate current service cost and interest cost	394,750	275,767	291,078	961,595	(345,273)	(161,180)	(252,694)	(759,147)
Effect on the PVDBO as at 30 June	368,434	268,088	275,759	912,281	(322,254)	(156,692)	(239,394)	(718,340)
<b>2017</b>								
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)
<b>2016</b>								
Effect on the aggregate current service cost and interest cost	257,656	172,160	767,434	1,197,250	(226,834)	(57,092)	(645,147)	(929,073)
Effect on the PVDBO as at 30 June	266,244	170,375	747,376	1,183,995	(234,395)	(56,500)	(628,285)	(919,180)

Amounts for the current and previous periods are as follows:

	Indonesia Plan				Thailand Plan				Philippines Plan			
	2018 RM	2017 RM	2016 RM	2018 RM	2017 RM	2016 RM	2018 RM	2017 RM	2018 RM	2017 RM	2016 RM	2016 RM
PVDBO	3,050,418	3,573,945	2,500,772	2,239,438	1,784,121	1,644,836	1,874,669	2,787,363	4,022,116			
Experience adjustments on plan liabilities	46,803	5,080	13,580	105,713	-	-	74,560	507,320	(868,147)			

### 31. Dividends

	2018		2017	
	Dividend per share SGD/RM	Amount of dividend RM	Dividend per share SGD/RM	Amount of dividend RM
<b>Declared and paid/payable during the financial year:</b>				
Dividends on ordinary shares:				
In respect of financial year ended 30 June 2016:				
- 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	58,595,060
- Third interim dividend paid per share, tax exempt (1-tier)	-	-	0.0070 / 0.0217	57,446,429
- Special interim dividend paid per share, tax exempt (1-tier)	0.0130 / 0.0406	107,339,936	-	-
- Final and special dividends paid per share, tax exempt (1-tier)	0.0130 / 0.0404	106,823,845	-	-
In respect of financial year ended 30 June 2018:				
- First interim and special dividends paid per share, tax exempt (1-tier)	0.0080 / 0.0243	63,787,090	-	-
- Second interim and special dividends paid per share, tax exempt (1-tier)	0.0110 / 0.0326	84,816,271	-	-
- Third interim dividend paid per share, tax exempt (1-tier)	0.0030 / 0.0089	23,757,392	-	-
		386,524,534		236,980,082
<b>Proposed but not recognised as a liability as at 30 June:</b>				
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 / 0.0089	23,585,642	0.0030 / 0.0093	24,723,114
- Special dividend	0.0050 / 0.0148	39,309,403	0.0100 / 0.0311	82,410,378
		62,895,045		214,473,428

### 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	
	2018 RM	2017 RM Restated
Sale of goods and rendering of services to related parties:		
- Software licensing	10,025,140	19,277,204
- Software project services	10,542,308	20,519,810
- Maintenance and enhancement services	21,324,239	38,965,807
- Sale of hardware products	4,328,210	484,077
Service fees paid to related parties	31,774,062	32,140,611
Accounting and administrative expenses paid to related parties	2,254,536	2,379,594
Other costs reimbursed from related parties	622,437	66,307
Rental paid to related parties	551,112	838,518
Rental paid by related parties	357,082	409,759
Proceeds from disposal of property, plant and equipment to a related party	-	684
Purchase of property, plant and equipment from a related party	-	2,650

Information regarding outstanding balances arising from related party transactions as at reporting date are disclosed in Note 18.

#### The parent

There were no transactions other than dividends paid, between the Group and Intelligentsia Holding Ltd. during the financial year (2017: Nil).

#### (b) Compensation of key management personnel

	Group	
	2018 RM	2017 RM
Salaries and other short-term employee benefits	15,195,835	14,950,204
Performance shares plan (Note 23(d))	1,271,254	11,690,196
Defined contribution plans	794,045	832,376
Benefits-in-kind	163,862	151,788
	17,424,996	27,624,564
<i>Comprise amounts paid to:</i>		
- Directors of the Company	6,521,665	16,814,164
- Other key management personnel	10,903,331	10,810,400
	17,424,996	27,624,564

### 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 RM9,315,883 (2017: RM7,072,916) (Note 7).

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

	Group		
	2018 RM	2017 RM Restated	2016 RM Restated
Not later than one year	4,222,524	3,029,261	2,328,604
Later than one year but not later than five years	5,337,067	5,602,875	5,602,317
Later than five years but not later than seven years	7,102	-	-
	9,566,693	8,632,136	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 RM22,250,548 (2017: 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 RM165,003,438 (2017: RM29,291,470). 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 and Risk 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 Singapore Dollar (SGD) and United States Dollar (USD). 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 RM207,200 (2017: RM883,374) arising mainly as a result of higher/lower interest expense on this revolving credit.

The Group's overdraft at variable rate was denominated in Ringgit Malaysia (RM). 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 RM32,675 (2017: Nil) arising mainly as a result of higher/lower interest expense on this bank overdraft.

The assumed fluctuation in market interest rate sensitivity analysis is based on the observable market environment.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. There is no significant exposure to liquidity risk. The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. The Group maintains sufficient levels of cash and cash equivalents to meet its working capital requirements. The Group's liquidity risk management policy is to match maturities of financial assets and liabilities, and to maintain available banking facilities of a reasonable level to its overall debt position.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contracted undiscounted repayment obligations.

	Less than 1 year RM	Between 1 and 5 years RM	Over 5 years RM	Total RM
<b>Group</b>				
<b>At 30 June 2018</b>				
Trade and other payables	50,065,205	289,938,385	-	340,003,590
Amount due to holding company (Note 18)	213,120	-	-	213,120
Amounts due to related parties (Note 18)	2,510,141	-	-	2,510,141
Revolving credit (Note 26)	20,720,000	-	-	20,720,000
Bank overdraft (Note 26)	3,267,477	-	-	3,267,477
Obligations under finance leases (Note 27)	1,522,381	2,994,847	194,885	4,712,113
	78,298,324	292,933,232	194,885	371,426,441
<b>At 30 June 2017 (Restated)</b>				
Trade and other payables	53,101,773	-	-	53,101,773
Amount due to holding company (Note 18)	4,291,841	-	-	4,291,841
Amounts due to related parties (Note 18)	13,299,709	-	-	13,299,709
Revolving credit (Note 26)	88,337,362	-	-	88,337,362
Obligations under finance leases (Note 27)	1,006,922	1,814,054	9,948	2,830,924
	160,037,607	1,814,054	9,948	161,861,609

### 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
<b>Group</b>				
<b>At 30 June 2016 (Restated)</b>				
Trade and other payables	52,401,395	-	-	52,401,395
Amount due to holding company (Note 18)	1,889,084	-	-	1,889,084
Amounts due to related parties (Note 18)	12,401,606	-	-	12,401,606
Revolving credit (Note 26)	72,239,600	-	-	72,239,600
Obligations under finance leases (Note 27)	973,234	1,581,921	50,028	2,605,183
	139,904,919	1,581,921	50,028	141,536,868
<b>Company</b>				
<b>At 30 June 2018</b>				
Trade and other payables	1,944,126	289,938,385	-	291,882,511
Amounts due to subsidiaries (Note 18)	623,728	-	-	623,728
Revolving credit (Note 26)	20,720,000	-	-	20,720,000
	23,287,854	289,938,385	-	313,226,239
<b>At 30 June 2017</b>				
Trade and other payables	1,872,156	-	-	1,872,156
Amounts due to subsidiaries (Note 18)	6,857	-	-	6,857
Revolving credit (Note 26)	88,337,362	-	-	88,337,362
	90,216,375	-	-	90,216,375

#### (c) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables, advances to a joint venture and amounts due from related parties. For other financial assets (including cash and cash equivalents), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group monitors its credit risk closely and trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group does not expect its related parties to default on their repayment obligations. Cash and deposits are placed with reputable licensed banks.

#### Exposure to credit risk profile

As at reporting date, the Group has a significant concentration of credit risk in the form of outstanding balances due from 12 (2017: 9; 2016: 6) customers, representing 65% (2017: 51%; 2016: 60%) 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:

By geographical areas	Group					
	2018 RM	%	2017 RM Restated	% Restated	2016 RM Restated	% Restated
South East Asia	139,000,595	77%	93,071,243	57%	132,777,725	62%
North East Asia	13,437,798	7%	34,481,869	21%	57,982,780	27%
South Asia	19,708,854	11%	19,929,855	12%	16,425,108	8%
Middle East	5,207,262	3%	12,299,752	8%	1,719,367	1%
Africa	2,148,607	1%	1,121,752	_*	791,001	_*
Europe	2,377,230	1%	2,894,801	2%	5,086,703	2%
	181,880,346	100%	163,799,272	100%	214,782,684	100%

\* Less than 1%

	Group		
	2018 RM	2017 RM Restated	2016 RM Restated
Represented by:			
Trade receivables - third parties (Note 17)	131,975,956	143,397,326	166,699,283
Amounts due from related parties - trade (Note 18)	49,904,390	20,401,946	48,083,401
	181,880,346	163,799,272	214,782,684

##### **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 RM152,492,257 (2017: RM113,952,106; 2016: RM141,840,613) 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 RM68,729,529 (2017: RM96,190,026; 2016: RM124,002,158) 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		
	2018 RM	2017 RM Restated	2016 RM Restated
Past due 0 to 2 months (31 - 90 days)	22,988,523	34,408,439	26,362,054
Past due 2 to 5 months (91 - 180 days)	23,247,270	15,744,775	44,071,762
Past due over 5 months (> 180 days)	22,493,736	46,036,812	53,568,342
	68,729,529	96,190,026	124,002,158

### 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 prior years' past due over 5 months balances were:

- (i) amount totaling RM28,226,615 (2016: RM24,300,583) due from HNA Group Co., Ltd. in relation to a software services agreement which was aged more than 6 months; and
- (ii) amount totaling RM4,662,992 (2016: RM10,866,060) due from a customer in relation to maintenance and enhancement services rendered which was aged more than 6 months.

These amounts were fully collected in the current and previous financial years.

##### **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		
	2018 RM	2017 RM	2016 RM
<b><u>Individually impaired</u></b>			
Trade receivables, nominal amounts	3,140,800	2,229,929	3,079,129
Less: Allowance for impairment	(3,140,800)	(2,229,929)	(3,079,129)
	-	-	-

	Group	
	2018 RM	2017 RM
At beginning of the year	2,229,929	3,079,129
Charge for the year (Note 7)	1,986,010	1,389
Reversal (Note 5)	(1,022,689)	(973,877)
Currency translation differences	(52,450)	123,288
At end of the year (Note 17)	3,140,800	2,229,929

#### (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), United States Dollar (USD) and Thailand Baht (Baht).

The Group holds short-term deposits denominated in SGD, USD, 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 (RM). 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.

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

#### (d) Foreign currency risk (cont'd)

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 profit net of tax and equity to a reasonably possible change in the SGD, USD, Baht, BND, IDR, New Zealand Dollar (NZD) and RMB exchange rates against the respective functional currencies of the Group entities, with all other variables including tax rate being held constant.

	Group					
	Profit net of tax			Equity		
	2018 RM	2017 RM Restated	2016 RM Restated	2018 RM	2017 RM Restated	2016 RM Restated
SGD/RM						
- strengthened by 5% (2017: 4%; 2016: 7%)	5,487,111	3,180,904	10,047,711	7,048,321	4,197,616	12,770,518
- weakened by 5% (2017: 4%; 2016: 7%)	(5,487,111)	(3,180,904)	(10,047,711)	(7,048,321)	(4,197,616)	(12,770,518)
USD/RM						
- strengthened by 6% (2017: 7%; 2016: 6%)	6,033,554	5,063,788	3,234,500	13,614,450	13,057,354	11,636,090
- weakened by 6% (2017: 7%; 2016: 6%)	(6,033,554)	(5,063,788)	(3,234,500)	(13,614,450)	(13,057,354)	(11,636,090)
Baht/RM						
- strengthened by 3% (2017: 10%; 2016: 2%)	82,582	1,773,062	492,577	516,420	2,781,255	881,120
- weakened by 3% (2017: 10%; 2016: 2%)	(82,582)	(1,773,062)	(492,577)	(516,420)	(2,781,255)	(881,120)
BND/RM						
- strengthened by 5% (2017: 4%; 2016: 7%)	869,278	453,431	1,259,292	1,552,870	959,135	2,342,259
- weakened by 5% (2017: 4%; 2016: 7%)	(869,278)	(453,431)	(1,259,292)	(1,552,870)	(959,135)	(2,342,259)
IDR/RM						
- strengthened by 13% (2017: 3%; 2016: 11%)	1,677,419	405,537	1,483,350	3,111,765	715,213	2,750,668
- weakened by 13% (2017: 3%; 2016: 11%)	(1,677,419)	(405,537)	(1,483,350)	(3,111,765)	(715,213)	(2,750,668)
NZD/RM						
- strengthened by 13% (2017: 10%; 2016: 11%)	4,190,163	3,118,808	3,668,030	4,190,163	3,118,808	3,668,030
- weakened by 13% (2017: 10%; 2016: 11%)	(4,190,163)	(3,118,808)	(3,668,030)	(4,190,163)	(3,118,808)	(3,668,030)
RMB/RM						
- strengthened by 4% (2017: 5%; 2016: - *)	9,675,169	38,647,813	8,248	9,675,169	38,647,813	8,248
- weakened by 4% (2017: 5%; 2016: - *)	(9,675,169)	(38,647,813)	(8,248)	(9,675,169)	(38,647,813)	(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 Company's profit net of tax and equity to a reasonably possible change in the SGD, USD and NZD exchange rates against the functional currency of the Company, with all other variables including tax rate being held constant.

	Company			
	Profit net of tax		Equity	
	2018 RM	2017 RM	2018 RM	2017 RM
SGD/RM				
- strengthened by 5% (2017: 4%)	3,265,270	5,661,006	3,265,270	5,661,006
- weakened by 5% (2017: 4%)	(3,265,270)	(5,661,006)	(3,265,270)	(5,661,006)
USD/RM				
- strengthened by 6% (2017: 7%)	14,060	(1,598,016)	14,060	(1,598,016)
- weakened by 6% (2017: 7%)	(14,060)	1,598,016	(14,060)	1,598,016
NZD/RM				
- strengthened by 13% (2017: 10%)	3,022,243	3,017,608	3,022,243	3,017,608
- weakened by 13% (2017: 10%)	(3,022,243)	(3,017,608)	(3,022,243)	(3,017,608)

Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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 2018	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
<b>Financial assets</b>														
Available-for-sale financial assets														
- quoted equity shares	-	-	-	-	189,780,204	-	-	-	-	-	-	-	-	189,780,204
- money market fund	4,559,997	-	-	-	-	-	-	-	-	-	-	-	-	4,559,997
Cash and bank balances	60,489,430	118,829,109	50,605,551	4,036,582	31,797,929	5,007,083	9,009,388	14,950,785	6,755,147	-	-	1,848,624	712,808	304,042,436
Trade receivables	36,707,330	16,410,632	50,545,512	195,006	9,046,761	1,754,777	7,267,949	2,716,161	6,908,345	-	89,320	242,522	91,641	131,975,956
Other receivables	2,759,369	1,194,894	316,290	973,796	82,619	658,979	442,297	36,349	82,555	139,459	-	323,758	115,278	7,125,643
Amounts due from related parties	37,816,146	67,160	14,013	-	11,689,180	-	405,093	35,894	-	-	-	-	-	50,027,486
Advances to a joint venture	-	-	-	-	-	-	-	-	-	32,092,701	-	-	-	32,092,701
	142,332,272	136,501,795	101,481,366	5,205,384	242,396,693	7,420,839	17,124,727	17,739,189	13,746,047	32,232,160	89,320	2,414,904	919,727	719,604,423
<b>Financial liabilities</b>														
Loans and borrowings	6,335,705	20,823,741	-	-	-	1,130,166	-	-	-	-	-	-	-	28,289,612
Trade payables	6,347,964	1,312,127	642,847	-	-	516,196	11,835,004	-	146,986	-	-	-	-	20,801,124
Other payables	250,007,910	4,399,001	279,284	1,482,764	517,459	1,171,735	2,162,698	296,813	556,480	139	149,908	1,479,922	503,429	263,007,542
Amount due to holding company	-	213,120	-	-	-	-	-	-	-	-	-	-	-	213,120
Amounts due to related parties	1,149,880	11,593	-	266,195	-	512,001	374,292	56,824	139,356	-	-	-	-	2,510,141
	263,841,459	26,759,582	922,131	1,748,959	517,459	3,330,098	14,371,994	353,637	842,822	139	149,908	1,479,922	503,429	314,821,539
<b>Net financial (liabilities)/ assets</b>	(121,509,187)	109,742,213	100,559,235	3,456,425	241,879,234	4,090,741	2,752,733	17,385,552	12,903,225	32,232,021	(60,588)	934,982	416,298	404,782,884
Less: Net financial position denominated in the respective entities functional currencies	121,138,439	(32,063,383)	(33,748,992)	(3,456,425)	-	(4,010,801)	31,932,907	(16,461,324)	(12,758,136)	(8,984,000)	23,149	(1,030,181)	(385,684)	40,195,569
<b>Currency exposure</b>	(370,748)	77,678,830	66,810,243	-	241,879,234	79,940	34,685,640	924,228	145,089	23,248,021	(37,439)	(95,199)	30,614	444,978,453

Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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 2017 (Restated)	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
<b>Financial assets</b>														
Available-for-sale financial assets														
- quoted equity shares	-	-	-	-	280,305,198	-	-	-	-	-	-	-	-	280,305,198
- money market fund	2,312,790	-	-	-	-	-	-	-	-	-	-	-	-	2,312,790
Cash and bank balances	56,426,754	81,107,249	66,538,112	2,278,189	488,515,972	1,775,330	9,749,065	14,846,013	9,040,967	-	-	1,700,043	385,903	732,363,597
Trade receivables	25,590,134	38,708,161	61,465,260	79,902	2,507,454	1,559,451	6,150,441	870,054	5,426,276	-	771,923	167,644	100,626	143,397,326
Other receivables	3,435,910	1,146,344	1,814,875	1,108,291	1,627,637	837,517	314,702	48,050	74,834	-	-	333,204	121,764	10,863,128
Amounts due from related parties	4,891,628	15,278,636	81,480	-	-	-	4,424,000	17,712	-	-	-	-	-	24,693,456
Advances to a joint venture	-	-	-	-	-	-	-	-	-	31,188,222	-	-	-	31,188,222
	92,657,216	136,240,390	129,899,727	3,466,382	772,956,261	4,172,298	20,638,208	15,781,829	14,542,077	31,188,222	771,923	2,200,891	608,293	1,225,123,717
<b>Financial liabilities</b>														
Loans and borrowings	585,902	46,872,034	41,661,500	-	-	1,891,058	-	-	24,974	-	-	-	-	91,035,468
Trade payables	9,532,090	271,750	2,488,419	-	-	591,848	1,043,242	-	-	-	-	133,567	-	14,060,916
Other payables	12,420,522	4,323,962	13,134,552	2,586,842	-	635,111	1,783,449	205,745	999,195	139	274,387	1,266,433	1,410,520	39,040,857
Amount due to holding company	-	4,152,253	139,588	-	-	-	-	-	-	-	-	-	-	4,291,841
Amounts due to related parties	7,197,604	1,097,789	135,843	259,008	-	288,258	80,896	4,240,311	-	-	-	-	-	13,299,709
	29,736,118	56,717,788	57,559,902	2,845,850	-	3,406,275	2,907,587	4,446,056	1,024,169	139	274,387	1,400,000	1,410,520	161,728,791
<b>Net financial assets/(liabilities)</b>	62,921,098	79,522,602	72,339,825	620,532	772,956,261	766,023	17,730,621	11,335,773	13,517,908	31,188,083	497,536	800,891	(802,227)	1,063,394,926
Less: Net financial position denominated in the respective entities functional currencies	(62,782,426)	(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	(135,391,073)
<b>Currency exposure</b>	138,672	55,568,910	50,721,974	(1,410)	772,956,261	84,063	20,690,204	(3,453,500)	(207,963)	31,188,083	539,332	73,453	(294,226)	928,003,853

Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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 (Restated)	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
<b>Financial assets</b>														
Available-for-sale financial assets														
- money market fund	4,729,521	-	-	-	-	-	-	-	-	-	-	-	-	4,729,521
Cash and bank balances	48,248,121	69,690,181	53,656,748	2,312,741	425	1,718,718	21,280,982	20,552,682	9,025,610	-	-	2,933,856	276,881	229,696,945
Trade receivables	32,346,651	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	166,699,283
Other receivables	5,826,998	1,115,052	6,281,778	350,133	-	717,473	404,720	51,112	102,561	-	27,360	136,146	26,533	15,039,866
Amounts due from related parties	8,534,210	42,198,923	-	-	-	-	24,626	-	-	-	-	-	-	50,757,759
Advances to a joint venture	-	-	-	-	-	-	-	-	-	33,345,863	-	-	-	33,345,863
	99,685,501	178,285,216	113,371,534	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	500,269,237
<b>Financial liabilities</b>														
Loans and borrowings	708,012	24,180,507	48,327,600	-	-	1,402,701	-	-	92,473	-	-	-	-	74,711,293
Trade payables	9,662,938	858,972	6,658,985	263,171	-	934,613	-	-	-	-	-	6,512	3,951	18,389,142
Other payables	12,481,570	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	34,012,253
Amount due to holding company	-	1,889,084	-	-	-	-	-	-	-	-	-	-	-	1,889,084
Amounts due to related parties	6,147,784	1,122,928	-	308,451	-	590,227	525,280	3,706,936	-	-	-	-	-	12,401,606
	29,000,304	34,746,487	59,463,194	3,931,825	-	3,978,446	2,075,737	3,779,684	530,906	139	2,578	3,487,290	406,788	141,403,378
<b>Net financial assets/ (liabilities)</b>	70,685,197	143,538,729	53,908,340	(1,057,504)	2,062,023	488,447	24,628,838	17,989,880	13,484,999	33,345,724	34,145	(151,074)	(91,885)	358,865,859
Less: Net financial position denominated in the respective entities functional currencies	(70,595,567)	(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	(187,633,650)
<b>Currency exposure</b>	89,630	104,778,576	34,122,130	-	2,062,023	85,840	34,057	(3,706,936)	88,882	33,345,724	9,363	266,214	56,706	171,232,209

Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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 2018	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Philippine Peso RM	Japanese Yen RM	New Zealand Dollar RM	British Pound RM	European Euro RM	Total RM
<b>Financial assets</b>									
Cash and bank balances	1,435,213	86,847,483	539,481	-	79,940	-	-	-	88,902,117
Other receivables	-	5,072	196	-	-	139,459	-	-	144,727
Amount due from a subsidiary	15,486	-	-	-	-	-	-	-	15,486
Advances to a joint venture	-	-	-	-	-	23,108,701	-	-	23,108,701
	1,450,699	86,852,555	539,677	-	79,940	23,248,160	-	-	112,171,031
<b>Financial liabilities</b>									
Loans and borrowings	-	20,720,000	-	-	-	-	-	-	20,720,000
Other payables	234,147,896	817,845	305,343	-	-	139	122,035	294,329	235,687,587
Amounts due to subsidiaries	608,377	9,305	-	6,046	-	-	-	-	623,728
	234,756,273	21,547,150	305,343	6,046	-	139	122,035	294,329	257,031,315
<b>Net financial (liabilities)/ assets</b>									
Less: Net financial position denominated in the functional currencies	(233,305,574)	65,305,405	234,334	(6,046)	79,940	23,248,021	(122,035)	(294,329)	(144,860,284)
	233,305,574	-	-	-	-	-	-	-	233,305,574
<b>Currency exposure</b>	-	65,305,405	234,334	(6,046)	79,940	23,248,021	(122,035)	(294,329)	88,445,290



Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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

(d) Foreign currency risk (cont'd)

The Company's currency exposure is as follows: (cont'd)

At 30 June 2017	Ringgit Malaysia RM	Singapore Dollar RM	United States Dollar RM	Japanese Yen RM	New Zealand Dollar RM	Total RM
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
Loans and borrowings	-	46,675,862	41,661,500	-	-	88,337,362
Other payables	905,633	948,672	17,712	-	139	1,872,156
Amounts due to subsidiaries	-	6,857	-	-	-	6,857
	905,633	47,631,391	41,679,212	-	139	90,216,375
<b>Net financial (liabilities)/assets</b>						
Less: Net financial position denominated in the functional currencies	(736,193)	141,525,158	(22,828,800)	84,063	30,176,083	148,220,311
	736,193	-	-	-	-	736,193
<b>Currency exposure</b>	-	141,525,158	(22,828,800)	84,063	30,176,083	148,956,504

### 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:

Group	Fair value measurements at the end of the reporting period using			Total RM
	Quoted prices in active markets for identical instruments (Level 1) RM	Significant observable inputs other than quoted prices (Level 2) RM	Significant unobservable inputs (Level 3) RM	
<b>Assets measured at fair value</b>				
<b>2018</b>				
<b>Financial assets:</b>				
<u>Current assets</u>				
Available-for-sale financial assets				
- quoted equity shares	189,780,204	-	-	189,780,204
- money market fund	-	4,559,997	-	4,559,997
<b>Financial assets as at 30 June 2018</b>	189,780,204	4,559,997	-	194,340,201
<b>2017</b>				
<b>Financial assets:</b>				
<u>Current assets</u>				
Available-for-sale financial assets				
- quoted equity shares	280,305,198	-	-	280,305,198
- money market fund	-	2,312,790	-	2,312,790
<b>Financial assets as at 30 June 2017</b>	280,305,198	2,312,790	-	282,617,988

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

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

##### (i) Assets and liabilities measured at fair value (cont'd)

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period: (cont'd)

Group	Fair value measurements at the end of the reporting period using			Total RM
	Quoted prices in active markets for identical instruments (Level 1) RM	Significant observable inputs other than quoted prices (Level 2) RM	Significant unobservable inputs (Level 3) RM	
<b>Assets measured at fair value</b>				
<b>2016</b>				
<b>Financial asset:</b>				
<u>Current asset</u>				
Available-for-sale financial assets				
- money market fund	-	4,729,521	-	4,729,521
<b>Financial asset as at 30 June 2016</b>	-	4,729,521	-	4,729,521

##### (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
<b>Liability not measured at fair value</b>		
<b>2018</b>		
<b>Financial liability:</b>		
<u>Non-current liability</u>		
Obligations under finance leases	2,925,844	2,895,096
<b>2017 (Restated)</b>		
<b>Financial liability:</b>		
<u>Non-current liability</u>		
Obligations under finance leases	1,747,902	1,716,942
<b>2016 (Restated)</b>		
<b>Financial liability:</b>		
<u>Non-current liability</u>		
Obligations under finance leases	1,562,002	1,519,544

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

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

(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 (current), amounts due from/to holding company/subsidiaries/related parties, dividend receivables, revolving credit and bank overdraft**

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.

- **Other payable (non-current)**

The fair value of this financial liability is estimated by discounting the expected future payouts at interest rate specific to the contractual arrangement at the reporting date. As at 30 June 2018, the carrying amount of this financial instrument is not materially different from its calculated fair value.

- **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 2018 (2017 and 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 2018, 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 2018 is RM523,183,752 (2017: RM1,192,343,974; 2016: RM619,218,481).

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:

#### Operating segments

- (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.

#### Non-operating segment

- (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 and deferred taxes are not allocated to individual segments as they are managed on a group basis.

Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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 2018 and 2017 and assets, liabilities and other segment information regarding the Group's segments as at 30 June 2018, 30 June 2017 and 30 June 2016.

2018	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Credit cards processing RM	Insurance processing RM	Corporate and others RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
<b>Revenue:</b>										
External customers	39,976,023	51,832,406	391,973,002	8,044,173	19,631,173	30,309,326	-	-	A	541,766,103
Inter-segment	-	-	-	-	-	-	464,885,909	(464,885,909)		-
<b>Results:</b>										
Finance income	62,911	65,443	731,421	10,711	94	23,204	1,956,375	-		2,850,159
Finance expense	(15,621)	(11,364)	(28,429)	(1,376)	(25,059)	-	(1,254,373)	-		(1,336,222)
Selling and distribution costs	(2,223,343)	(2,507,976)	(19,160,548)	(240,392)	(248,919)	(4,784,975)	(584,519)	-		(29,750,672)
Depreciation of property, plant and equipment	(195,505)	(229,848)	(2,123,038)	(23,064)	(1,293,766)	(465,175)	(31,008)	-		(4,361,404)
Amortisation of intangible assets	(12,837,493)	-	(834,041)	-	(1,054,771)	(2,205,400)	-	-		(16,931,705)
Share of loss of a joint venture and associates	-	-	-	-	-	-	(15,876,018)	-		(15,876,018)
Reversal of/(Provision for) foreseeable losses	-	1,421,917	(221,760)	-	-	-	-	-		1,200,157
Loss on disposal of available-for-sale financial assets - quoted equity shares	-	-	-	-	-	-	(6,316,460)	-		(6,316,460)
Dividend income from available-for-sale financial assets - quoted equity shares	-	-	-	-	-	-	199,141	-		199,141
Other non-cash (expenses)/income	(2,394,159)	989,654	(1,409,854)	27,831	95,649	(330,265)	(9,859,264)	-	B	(12,880,408)
Segment profit/(loss)	21,497,919	1,397,556	220,841,760	3,545,966	6,835,962	15,396,478	(158,895,713)	36,570,000	C	147,189,928
<b>Assets:</b>										
Interest in a joint venture	-	-	-	-	-	-	9,667,993	-		9,667,993
Capital expenditure	21,737,812	1,153,910	2,697,767	89,662	116	877,733	284,749	-	D	26,841,749
Segment assets	104,085,236	79,543,421	387,456,030	2,008,529	10,594,228	73,581,269	329,295,950	20,693,282	E	1,007,257,945
<b>Segment liabilities</b>									F	
	36,217,249	16,410,178	101,448,632	412,835	3,333,383	5,454,842	275,774,776	45,022,298		484,074,193

Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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 2018 and 2017 and assets, liabilities and other segment information regarding the Group's segments as at 30 June 2018, 30 June 2017 and 30 June 2016. (cont'd)

2017 (Restated)	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Credit cards processing RM	Insurance processing RM	Corporate and others RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
<b>Revenue:</b>										
External customers	41,758,128	63,246,440	392,994,692	3,429,527	18,750,597	29,675,128	-	-	-	549,854,512
Inter-segment	-	-	-	-	-	-	398,619,633	(398,619,633)	A	-
<b>Results:</b>										
Finance income	51,090	37,172	838,266	3,902	27	4,009	3,308,400	-	-	4,242,866
Finance expense	(51,992)	(59,227)	(33,047)	(210)	(25,840)	-	(1,274,698)	-	-	(1,445,014)
Selling and distribution costs	(4,094,113)	(4,486,075)	(21,127,245)	(140,968)	(404,806)	(1,548,266)	-	-	-	(31,801,473)
Depreciation of property, plant and equipment	(223,598)	(389,860)	(1,942,509)	(14,838)	(1,245,936)	(347,830)	-	-	-	(4,164,571)
Amortisation of intangible assets	(11,644,398)	-	(832,562)	-	(1,077,823)	(2,205,400)	-	-	-	(15,760,183)
Share of loss of a joint venture and associates	-	-	-	-	-	-	(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	(284,296)	(3,071)	798,820	(17,817)	(65,125)	(448,638)	(666,616)	-	B	(686,743)
Segment profit	23,890,555	10,300,951	217,312,013	952,483	1,879,268	17,932,124	643,637,592	52,295,340	C	968,200,326
<b>Assets:</b>										
Interest in a joint venture	-	-	-	-	-	-	30,175,732	-	-	30,175,732
Capital expenditure	12,249,022	481,476	3,042,215	30,217	2,287,225	1,603,212	-	-	D	19,693,367
Segment assets	109,961,964	87,173,214	325,030,234	2,405,404	10,167,199	68,861,984	885,074,016	9,249,113	E	1,497,923,128
<b>Segment liabilities</b>	5,760,378	13,200,497	116,351,312	294,111	3,406,275	4,246,734	112,823,997	49,495,850	F	305,579,154

Notes to the Financial Statements (cont'd)  
For the financial year ended 30 June 2018

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 2018 and 2017 and assets, liabilities and other segment information regarding the Group's segments as at 30 June 2018, 30 June 2017 and 30 June 2016. (cont'd)

2016 (Restated)	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Credit cards processing RM	Insurance processing RM	Corporate and others RM	Adjustments and eliminations RM	Notes	Per consolidated financial statements RM
<b>Assets:</b>										
Investments in associates	-	-	-	-	-	-	106,380,900	-	-	106,380,900
Interest in a joint venture	-	-	-	-	-	-	31,611,357	-	-	31,611,357
Capital expenditure	28,939,308	1,355,539	27,146,184	81,976	896,122	364,119	-	-	D	58,783,248
Segment assets	145,252,410	78,179,211	358,417,302	5,762,751	10,861,985	74,360,946	188,224,449	7,520,667	E	868,579,721
<b>Segment liabilities</b>	8,210,793	15,370,717	104,315,794	950,333	3,978,447	3,561,299	83,559,995	29,413,862	F	249,361,240



### 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 (expenses)/income consist of write off of property, plant and equipment, net gain on disposal of property, plant and equipment, gain on redemption of available-for-sale financial assets - money market fund, (impairment loss)/reversal of impairment loss on financial assets, bad debts written off, waiver of debts by previous owner of a subsidiary, unrealised foreign currency exchange (loss)/gain, allowance for unutilised leave, provision for defined benefits liabilities and performance shares issued 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/(loss) of the corporate and others segment:

	2018 RM	2017 RM
Elimination of impairment loss in investment in an associate	-	482,400
Elimination of impairment loss on loan to a subsidiary	-	14,200,940
Elimination of impairment losses in investments in subsidiaries	34,198,000	31,000,000
Elimination of impairment loss on advances to a joint venture	2,372,000	6,612,000
	36,570,000	52,295,340

D Capital expenditure consists of additions to property, plant and equipment and intangible assets, including assets from the acquisition of subsidiaries.

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:

	2018 RM	2017 RM Restated	2016 RM Restated
Tax recoverable	4,317,961	3,371,722	1,730,392
Deferred tax assets	16,375,321	5,877,391	5,790,275
	20,693,282	9,249,113	7,520,667

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:

	2018 RM	2017 RM Restated	2016 RM Restated
Tax payable	13,193,641	9,019,695	10,870,355
Deferred tax liabilities	31,828,657	40,476,155	18,543,507
	45,022,298	49,495,850	29,413,862

### 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; insurance processing; and credit and cards processing.
- South Asia – the operations in this area are principally software licensing; rendering of software project services; maintenance and enhancement services; and sale of software and hardware products.
- 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; rendering of software project services; and maintenance and enhancement 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.

	2018 RM	2017 RM Restated
<b>Revenue</b>		
South East Asia	429,720,597	421,419,175
North East Asia	32,272,955	30,995,710
South Asia	36,769,340	45,096,137
Middle East	18,463,197	19,850,066
Africa	9,801,911	13,775,944
Europe	14,738,103	18,717,480
	541,766,103	549,854,512

	2018 RM	2017 RM Restated	2016 RM Restated
<b>Capital expenditure</b>			
South East Asia	26,714,756	17,219,163	56,478,383
North East Asia	-	2,287,225	896,122
South Asia	-	-	114,788
Middle East	12,657	138,285	-
Europe	114,336	48,694	1,293,955
	26,841,749	19,693,367	58,783,248

36. Segment information (cont'd)

(b) Geographical information (cont'd)

	2018 RM	2017 RM Restated	2016 RM Restated
<b>Segmental assets</b>			
South East Asia	712,361,771	601,813,624	603,352,682
North East Asia	245,825,467	814,446,530	72,379,334
South Asia	21,491,101	24,776,538	20,793,412
Middle East	6,470,590	14,505,450	7,525,504
North America	2,875,344	5,083,243	15,105,436
Africa	2,579,431	294,234	1,166,062
Europe	5,846,789	6,827,777	10,265,034
Oceania	139,459	-	-
Investments in associates	997,589,952	1,467,747,396	730,587,464
Interest in a joint venture	-	-	106,380,900
	9,667,993	30,175,732	31,611,357
	1,007,257,945	1,497,923,128	868,579,721

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

	2018 RM	2017 RM Restated
<b>Revenue</b>		
Malaysia	184,015,615	198,389,444
Singapore	93,769,913	89,347,958
Thailand	66,369,773	30,788,766

	2018 RM	2017 RM Restated	2016 RM Restated
<b>Non-current assets *</b>			
Malaysia	123,250,235	110,301,949	106,890,774
Singapore	88,974,049	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 contributed more than 10% of the total Group's revenue during the financial years ended 30 June 2018 and 2017.

### 37. Significant event during the financial year

#### Acquisition of subsidiaries

On 20 October 2017, the Company entered into a share sale and purchase agreement ("SPA") with the Group Executive Chairman, Mr. Goh Peng Ooi, and minority shareholders to acquire the entire equity interest of Silverlake Investment Ltd. and its subsidiaries ("SIL Group") with a Base Consideration ("BC") of RM154,915,719 satisfied via the reissuance of 70,108,332 treasury shares, at an agreed issue price of SGD0.71 per share ("Agreed Issue Price") on 18 April 2018 and an Earn-Out Consideration ("EOC") with cash or shares options payable in the financial year ending 30 June 2021. The aggregate consideration shall not exceed 25% of the Company's market capitalisation as at the date of SPA applying the Agreed Issue Price.

The acquisition was completed on 18 April 2018 and SIL Group became a subsidiary of the Company. As this acquisition is a combination of entities under common control whereby the Company and SIL Group are under the common control of a major shareholder, this acquisition has been accounted for using the pooling of interest method in accordance with Note 2.4(b).

The cost of merger of this acquisition amounted to RM388,659,180 and resulted in the reissuance of 70,108,332 treasury shares as BC and fair value of EOC was estimated to be RM233,743,461 recognised under "Other Payable (non-current)".

The impact of the acquisition to the Group's revenue and profit for the year are as disclosed in Note 13(a).

### 38. Comparatives

The Group's financial statements have been prepared based on the pooling of interest method of accounting pursuant to the acquisition of subsidiaries as disclosed in Note 37. Accordingly, the comparative figures for the Group's financial statements have been presented as if the Group structure immediately after the acquisition has been in existence since the earliest financial year presented. These comparatives have not been audited.

### 39. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 June 2018 were authorised for issue in accordance with a resolution of the directors on 28 September 2018.

# Statistics of Shareholdings

AS AT 19 SEPTEMBER 2018

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	: 41,209,768
Percentage of treasury shares against total number of issued ordinary shares (excluding treasury shares)	: 1.6%
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	20	0.51	667	0.00
100 - 1,000	158	4.08	99,687	0.00
1,001 - 10,000	1,657	42.75	10,144,700	0.38
10,001 - 1,000,000	2,000	51.60	107,098,925	4.04
1,000,001 AND ABOVE	41	1.06	2,537,919,053	95.58
TOTAL	3,876	100.00	2,655,263,032	100.00

## TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	934,914,856	35.21
2	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	461,052,400	17.36
3	INTELLIGENTSIA HOLDING LTD	410,779,447	15.47
4	DB NOMINEES (SINGAPORE) PTE LTD	180,615,795	6.80
5	RAFFLES NOMINEES (PTE) LIMITED	173,484,638	6.53
6	DBS NOMINEES (PRIVATE) LIMITED	105,818,419	3.99
7	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	67,943,132	2.56
8	SEE CHUANG THUAN OR LOI PEK KEAW	39,255,953	1.48
9	DBSN SERVICES PTE. LTD.	29,116,564	1.10
10	KWONG YONG SIN	17,172,000	0.65
11	OCBC SECURITIES PRIVATE LIMITED	13,514,300	0.51
12	CHOO SOO CHING @ CHA BOO @ CHOO JOO DI	13,347,714	0.50
13	HSBC (SINGAPORE) NOMINEES PTE LTD	11,606,780	0.44
14	PHILLIP SECURITIES PTE LTD	10,622,066	0.40
15	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,155,519	0.31
16	UOB KAY HIAN PRIVATE LIMITED	4,551,700	0.17
17	KWANG KING SIONG	4,274,482	0.16
18	GOH BEE LAN	3,595,000	0.14
19	RHB SECURITIES SINGAPORE PTE. LTD.	3,538,000	0.13
20	VOON SENG CHUAN	3,400,000	0.13
TOTAL		2,496,758,765	94.04

## Statistics of Shareholdings (cont'd)

### SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company as at 19 September 2018 are as follows:

	No. of Ordinary Shares of USD0.02 each			
	Direct Interest	%	Deemed Interest	%
Intelligentsia Holding Ltd.	1,759,877,345	66.33%	-	-
Goh Peng Ooi	-	-	1,759,877,345	66.33%

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 1,759,877,345 shares held by Intelligentsia Holding Ltd. A total of 1,349,097,898 shares held by Intelligentsia Holding Ltd. are registered in the names of nominee companies.

### FREE FLOAT

As at 19 September 2018, approximately 30.59% 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. (the “Company”) will be held at Capricorn & Leo, Level 1, Marina Mandarin Singapore, 6 Raffles Boulevard, Marina Square, Singapore 039594 on 26 October 2018, Friday at 2.00 p.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 2018 together with the Directors’ Report and Auditors’ Report thereon.   | <b>Ordinary Resolution 1</b>  |
| 2.  | To declare a final and a special tax exempt 1-tier dividend of Singapore 0.3 cents and Singapore 0.5 cents per share respectively, for the financial year ended 30 June 2018 as recommended by the Directors.  | <b>Ordinary Resolution 2</b>  |
| 3.  | To approve the payment of Directors’ Fees of S\$1,100,000 (2018: S\$960,000) for the financial year ending 30 June 2019, to be paid quarterly in arrears.  | <b>Ordinary Resolution 3</b>  |
| 4.  | To approve the payment of a one-off special Directors’ Fee of S\$30,000 to each of the following Independent Directors of the Company: 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, totalling S\$150,000.<br><br>[See Explanatory Note (i)] | <b>Ordinary Resolution 4</b>  |
| 5.  | To re-elect Professor Tan Sri Dato’ Dr. Lin See Yan, who is retiring under Bye-law 86(1) of the Company’s Bye-laws, as Director of the Company.<br><br>[See Explanatory Note (ii)]   | <b>Ordinary Resolution 5</b>  |
| 6.  | To re-elect Mr. Lim Kok Min, who is retiring under Bye-law 86(1) of the Company’s Bye-laws, as Director of the Company.<br><br>[See Explanatory Note (iii)]  | <b>Ordinary Resolution 6</b>  |
| 7.  | To re-elect Datuk Yvonne Chia, who is retiring under Bye-law 86(1) of the Company’s Bye-laws, as Director of the Company.<br><br>[See Explanatory Note (iv)]   | <b>Ordinary Resolution 7</b>  |
| 8.  | To re-elect Mr. See Chuang Thuan, who is retiring under Bye-law 85(6) of the Company’s Bye-laws, as Director of the Company.<br><br>[See Explanatory Note (v)]   | <b>Ordinary Resolution 8</b>  |
| 9.  | To re-elect Mr. Voon Seng Chuan, who is retiring under Bye-law 85(6) of the Company’s Bye-laws, as Director of the Company.<br><br>[See Explanatory Note (vi)]   | <b>Ordinary Resolution 9</b>  |
| 10. | To re-appoint Messrs Ernst & Young, as auditors of the Company and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 10</b> |
| 11. | 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):

12. **AUTHORITY TO ISSUE SHARES TO FORMER NON-EXECUTIVE DIRECTOR, DATUK SULAIMAN BIN DAUD** **Ordinary Resolution 11**

"To approve the issuance of 150,000 shares in the share capital of the Company to the former Non-Executive Director of the Company, Datuk Sulaiman bin Daud, on a fully-paid basis and to authorise any Director to complete and/or do all such acts and things, including approving and/or executing any documents and procuring necessary lodgements, filings and/or announcements, as the Director may consider necessary or desirable to give effect to this resolution."

[See Explanatory Note (vii)]

13. **AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE SHARES** **Ordinary Resolution 12**

"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 (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such calculation as may be prescribed by the SGX-ST for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for: –
- (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;
- (b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and
- (c) any subsequent bonus issue, consolidation or subdivision of shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the 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 the Company's Bye-laws for the time being; and



- (4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next 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 (viii)]

14. **AUTHORITY TO GRANT AWARDS AND TO ALLOT AND ISSUE SHARES UNDER SILVERLAKE AXIS LTD PERFORMANCE SHARE PLAN 2010**

**Ordinary Resolution 13**

"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 (ix)]

15. **RENEWAL OF SHARE PURCHASE MANDATE**

**Ordinary Resolution 14**

"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,

## Notice of Annual General Meeting (cont'd)

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 (x)]

### 16. RENEWAL OF GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS

### Ordinary Resolution 15

"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 and Risk 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 (xi)]

### BY ORDER OF THE BOARD

**Tan Min-Li**  
**Priscilla Tan**  
Joint Company Secretaries  
Singapore

Date: 11 October 2018

**Explanatory Notes:**

- (i) Resolution 4 is to compensate the Independent Directors of the Company, 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 for the additional time spent and work carried out in relation to the Deloitte & Touche Financial Advisory Services Pte Ltd special audit.
- (ii) If re-elected under Resolution 5 above, Professor Tan Sri Dato' Dr. Lin See Yan will remain as an Independent Director of the Company, Chairman of Strategic Investment Committee, and Member of Nominating Committee. There is no relationship including immediate family relationships between Professor Tan Sri Dato' Dr. Lin See Yan and the other Directors, the Company, or its 10% shareholders (as defined in the Code). Detailed information on Professor Tan Sri Dato' Dr. Lin See Yan can be found at page 12 of the Annual Report.
- (iii) If re-elected under Resolution 6 above, Mr. Lim Kok Min will remain as an Independent Director of the Company, and a member of Audit and Risk Committee, Remuneration Committee and Nominating Committee. He will be considered as independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. There is no relationship including immediate family relationships between Mr. Lim Kok Min and the other Directors, the Company, or its 10% shareholders (as defined in the Code). Detailed information on Mr. Lim Kok Min can be found at page 12 of the Annual Report.
- (iv) If re-elected under Resolution 7 above, Datuk Yvonne Chia will remain as an Independent Director of the Company, and a member of Audit and Risk Committee, Remuneration Committee and Nominating Committee. She 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 Datuk Yvonne Chia and the other Directors, the Company, or its 10% shareholders (as defined in the Code). Detailed information on Datuk Yvonne Chia can be found at page 13 of the Annual Report.
- (v) If re-elected under Resolution 8 above, Mr. See Chuang Thuan will remain as an Independent Director of the Company and a member of Strategic Investment Committee. There is no relationship including immediate family relationships between Mr. See Chuang Thuan and the other Directors, the Company, or its 10% shareholders (as defined in the Code). Detailed information on Mr. See Chuang Thuan can be found at page 13 of the Annual Report.
- (vi) If re-elected under Resolution 9 above, Mr. Voon Seng Chuan will remain as an Independent Director of the Company and a member of Strategic Investment Committee. There is no relationship including immediate family relationships between Mr. Voon Seng Chuan and the other Directors, the Company, or its 10% shareholders (as defined in the Code). Detailed information on Mr. Voon Seng Chuan can be found at page 13 of the Annual Report.
- (vii) Datuk Sulaiman bin Daud was a Non-Executive Director of the Company over the period from 9 January 2003 up to the cessation of his appointment on 30 June 2018. Ordinary Resolution 11 is by way of recognition and appreciation of Datuk Sulaiman bin Daud's past services and contributions to the Company during his tenure. For illustrative purposes, based on the closing price of the Shares on 19 September 2018 (latest practicable date), the aggregate value of the proposed shares issue to Datuk Sulaiman bin Daud would be approximately S\$66,000.
- (viii) Resolution 12 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 maximum of fifty percent (50%) of the issued Share capital of the Company (of which the aggregate number of Shares and convertible securities to be issued other than on a pro rata basis to existing shareholders shall not exceed twenty percent (20%) of the issued Share capital of the Company) for such purposes as they consider would be in the interests of the Company.
- (ix) Resolution 13 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.
- (x) Please refer to the Letter to Shareholders dated 11 October 2018 ("Letter") for more details on the Renewal of Share Purchase Mandate.
- (xi) Please refer to the Letter for more details on the Renewal of Interested Persons Transactions General Mandate.

## Notice of Annual General Meeting (cont'd)

### Notes:

- (i) A Shareholder entitled to attend and vote at a meeting of the Company is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a Shareholder of the Company.
- (ii) Where a Shareholder appoints two proxies, the Company may treat the appointment as invalid unless the Shareholder specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
- (iii) The instrument appointing a proxy or proxies must be deposited at the office of the Company's Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the Annual General Meeting.
- (iv) The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised.
- (v) Investor holding their shares through a nominee within the Central Depository (Pte) Limited system in Singapore or other agent should contact their nominee, depository agent or professional adviser with regard to the procedures required to enable them to be represented and to vote at the Annual General Meeting.
- (vi) The Depositor's name must appear on the Depository Register maintained by the Central Depository (Pte) Limited as at 72 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 shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 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 shareholders discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholders 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 shareholders will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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#### PAPERS USED

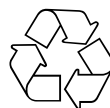
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Review pages – Satimat Green, 135gsm

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