



SILVERLAKE AXIS LTD
(Incorporated in Bermuda)
(Company Registration No. 32447)

**Condensed Consolidated Financial Statements
for the six months and full year ended
30 June 2021**

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A. Condensed Consolidated Income Statement

	Note	Group					
		6 months ended 30 June			12 months ended 30 June		
		2021 RM	2020 RM	Change %	2021 RM	2020 RM Restated (Note 20)	Change %
Revenue	4	317,763,192	308,224,634	3	626,122,804	663,691,553	(6)
Cost of sales		(132,642,215)	(150,233,773)	(12)	(249,193,694)	(284,070,570)	(12)
Gross profit		185,120,977	157,990,861	17	376,929,110	379,620,983	(1)
Other items of income							
Finance income		1,146,493	1,713,292	(33)	1,865,335	3,999,337	(53)
Other income		3,167,908	15,992,850	(80)	11,464,145	23,577,529	(51)
Other items of expenses							
Selling and distribution costs		(14,762,196)	(14,262,123)	4	(30,510,800)	(33,395,344)	(9)
Administrative expenses		(92,464,269)	(75,244,944)	23	(159,892,297)	(139,083,826)	15
Finance costs		(876,147)	(17,566,889)	(95)	(13,117,885)	(34,685,474)	(62)
Share of (loss)/profit of a joint venture		-	(49)	(100)	(565)	1,392,986	(100)
Profit before tax	5	81,332,766	68,622,998	19	186,737,043	201,426,191	(7)
Income tax (expense)/credit	6	(5,780,790)	16,034,253	(136)	(43,658,404)	(16,753,903)	161
Profit for the period/year		75,551,976	84,657,251	(11)	143,078,639	184,672,288	(23)
Profit for the period/year attributable to:							
Owners of the parent		75,557,448	84,664,195	(11)	143,086,927	184,675,753	(23)
Non-controlling interests		(5,472)	(6,944)	(21)	(8,288)	(3,465)	139
		75,551,976	84,657,251	(11)	143,078,639	184,672,288	(23)
Earnings per share attributable to the owners of the parent:							
- Basic (sen)	7	2.90	3.23	(10)	5.49	7.04	(22)
- Diluted (sen)	7	2.90	3.23	(10)	5.49	7.04	(22)

B. Condensed Consolidated Statements of Comprehensive Income

	Note	Group					
		6 months ended 30 June			12 months ended 30 June		
		2021 RM	2020 RM	Change %	2021 RM	2020 RM	Change %
Profit for the period/year		75,551,976	84,657,251	(11)	143,078,639	184,672,288	(23)
Other comprehensive income/(loss):							
Items that may be reclassified to profit or loss in subsequent periods:							
- Foreign currency translation gain/(loss)		12,553,257	22,109,200	(43)	(11,535,960)	17,252,452	(167)
- Share of foreign currency translation loss of a joint venture		-	-	N/M	(22)	(250,594)	(100)
		12,553,257	22,109,200	(43)	(11,535,982)	17,001,858	(168)
Items that will not be reclassified to profit or loss in subsequent periods:							
- Fair value gain/(loss) on financial assets - quoted equity shares		5,320,292	79,176,017	(93)	(11,858,296)	128,963,226	(109)
- Deferred tax relating to fair value (gain)/loss on financial assets - quoted equity shares		(523,872)	(7,982,363)	(93)	1,257,472	(12,784,185)	(110)
- Actuarial gain/(loss) on defined benefit plans		1,031,450	(769,709)	(234)	1,031,450	(769,709)	(234)
- Deferred tax relating to actuarial (gain)/loss on defined benefit plans		(178,626)	223,498	(180)	(194,113)	223,498	(187)
		5,649,244	70,647,443	(92)	(9,763,487)	115,632,830	(108)
Other comprehensive income/(loss) for the period/year, net of tax		18,202,501	92,756,643	(80)	(21,299,469)	132,634,688	(116)
Total comprehensive income for the period/year		93,754,477	177,413,894	(47)	121,779,170	317,306,976	(62)
Total comprehensive income for the period/year attributable to:							
Owners of the parent		93,759,949	177,420,838	(47)	121,787,458	317,310,441	(62)
Non-controlling interests		(5,472)	(6,944)	(21)	(8,288)	(3,465)	139
		93,754,477	177,413,894	(47)	121,779,170	317,306,976	(62)

C. Condensed Statements of Financial Position

	Note	Group		Company	
		30 June 2021 RM	30 June 2020 RM	30 June 2021 RM	30 June 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	8	11,592,903	13,565,267	1,936	2,816
Right-of-use assets		26,071,251	28,791,403	-	-
Intangible assets		317,327,488	300,029,314	-	-
Investments in subsidiaries		-	-	2,060,792,258	2,233,110,533
Interest in a joint venture	9	-	696	-	139
Derivative asset		-	9,343,814	-	9,343,814
Deferred tax assets		60,210,484	65,950,770	-	-
		415,202,126	417,681,264	2,060,794,194	2,242,457,302
Current assets					
Inventories	10	622,071	1,082,881	-	-
Trade and other receivables		138,917,765	139,961,183	3,553	7,308
Contract assets		58,594,091	57,030,645	-	-
Prepayments	11	3,340,056	2,901,681	112,210	96,527
Amounts due from subsidiaries		-	-	203,662,763	203,963,471
Amounts due from related parties		8,035,057	7,142,853	-	-
Loans to subsidiaries		-	-	29,157,975	27,051,200
Tax recoverable		5,854,048	5,867,877	-	-
Financial assets at fair value through other comprehensive income - quoted equity shares		288,154,976	310,166,620	-	-
Financial assets at fair value through profit or loss - money market fund		27,665,942	29,646,700	-	-
Derivative asset	9	752,296	-	752,296	-
Cash and bank balances		417,118,185	496,742,950	72,936,631	79,029,249
		949,054,487	1,050,543,390	306,625,428	310,147,755
Total assets		1,364,256,613	1,468,224,654	2,367,419,622	2,552,605,057
EQUITY AND LIABILITIES					
Equity					
Share capital	13(b)	191,040,654	191,040,654	191,040,654	191,040,654
Share premium		186,497,272	236,820,722	1,654,159,433	1,704,482,883
Treasury shares	13(d)	(25,769,645)	(138,541,079)	(25,769,645)	(138,541,079)
Foreign currency translation reserve		31,029,474	42,565,456	12,090,091	-
Capital reserve		466,828	466,828	-	-
Statutory reserve		141,159	21,819	-	-
Fair value reserve of financial assets at fair value through other comprehensive income		(29,582,042)	(18,981,218)	-	-
Merger deficit		(476,280,829)	(476,280,829)	-	-
Retained profits		1,176,873,429	909,494,306	532,259,060	209,442,615
Equity attributable to owners of the parent		1,054,416,300	746,606,659	2,363,779,593	1,966,425,073
Non-controlling interests		52,188	60,476	-	-
Total equity		1,054,468,488	746,667,135	2,363,779,593	1,966,425,073

C. Condensed Statements of Financial Position (cont'd)

	Note	Group		Company	
		30 June 2021 RM	30 June 2020 RM	30 June 2021 RM	30 June 2020 RM
EQUITY AND LIABILITIES (cont'd)					
Non-current liabilities					
Loans and borrowings	14	16,831,002	141,261,436	-	121,754,466
Deferred tax liabilities		50,167,076	61,403,049	-	-
Put liability	15	-	2,744,202	-	-
Provision for defined benefit liabilities		11,886,913	12,364,086	-	-
		78,884,991	217,772,773	-	121,754,466
Current liabilities					
Trade and other payables		76,922,903	358,548,901	1,875,542	278,390,158
Contract liabilities	11	108,820,801	116,988,962	-	-
Loans and borrowings	14	9,380,879	9,659,538	-	-
Put liability	15	18,659,307	-	-	-
Provision for defined benefit liabilities		116,680	394,886	-	-
Amounts due to subsidiaries		-	-	1,640,659	186,035,360
Amounts due to related parties		1,367,305	2,780,632	123,828	-
Tax payable		15,635,259	15,411,827	-	-
		230,903,134	503,784,746	3,640,029	464,425,518
Total liabilities		309,788,125	721,557,519	3,640,029	586,179,984
Net current assets/(liabilities)*		718,151,353	546,758,644	302,985,399	(154,277,763)
Total equity and liabilities		1,364,256,613	1,468,224,654	2,367,419,622	2,552,605,057

*The Company is in net current liabilities position in previous reporting date due to the classification of contingent consideration for acquisition of Silverlake Investment (SG) Pte. Ltd. Group payable within one year as current liabilities. The contingent consideration has been fully settled in current financial year.

D. Condensed Statements of Changes in Equity

Attributable to owners of the parent														
Group	Note	<----- Non-distributable ----->												
		Share capital (Note 13(b)) RM	Share premium RM	Treasury shares (Note 13(d)) RM	Foreign currency translation reserve RM	Capital reserve RM	Statutory reserve RM	Performance share plan reserve RM	Fair value reserve of financial assets at FVOCI RM	Merger deficit RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
2021														
At 1 July 2020		191,040,654	236,820,722	(138,541,079)	42,565,456	466,828	21,819	-	(18,981,218)	(476,280,829)	909,494,306	746,606,659	60,476	746,667,135
Profit for the year		-	-	-	-	-	-	-	-	-	143,086,927	143,086,927	(8,288)	143,078,639
Other comprehensive (loss)/income for the year		-	-	-	(11,535,982)	-	-	-	(10,600,824)	-	837,337	(21,299,469)	-	(21,299,469)
Total comprehensive (loss)/income for the year		-	-	-	(11,535,982)	-	-	-	(10,600,824)	-	143,924,264	121,787,458	(8,288)	121,779,170
Transfer to statutory reserve fund		-	-	-	-	-	119,340	-	-	-	(119,340)	-	-	-
<u>Transactions with owners</u>														
Purchase of treasury shares	13(d)	-	-	(20,424,812)	-	-	-	-	-	-	-	(20,424,812)	-	(20,424,812)
Grant of shares under Performance Share Plan		-	-	-	-	-	-	3,697,246	-	-	-	3,697,246	-	3,697,246
Release of shares under Performance Share Plan		-	(1,848,623)	5,545,869	-	-	-	(3,697,246)	-	-	-	-	-	-
Fair value adjustment on contingent consideration for business combination		-	-	-	-	-	-	-	-	-	149,414,493	149,414,493	-	149,414,493
Release of shares for payment of contingent consideration for business combination		-	(48,474,827)	127,650,377	-	-	-	-	-	-	-	79,175,550	-	79,175,550
Dividends on ordinary shares	16	-	-	-	-	-	-	-	-	-	(25,840,294)	(25,840,294)	-	(25,840,294)
Total transactions with owners in their capacity as owners		-	(50,323,450)	112,771,434	-	-	-	-	-	-	123,574,199	186,022,183	-	186,022,183
At 30 June 2021		191,040,654	186,497,272	(25,769,645)	31,029,474	466,828	141,159	-	(29,582,042)	(476,280,829)	1,176,873,429	1,054,416,300	52,188	1,054,468,488

D. Condensed Statements of Changes in Equity (cont'd)

Attributable to owners of the parent													
<----- Non-distributable ----->													
Group	Note	Share capital (Note 13(b)) RM	Share premium RM	Treasury shares (Note 13(d)) RM	Foreign currency translation reserve RM	Capital reserve RM	Statutory reserve RM	Fair value reserve of financial assets at FVOCI RM	Merger deficit RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
2020													
At 1 July 2019		191,040,654	236,820,722	(81,725,730)	25,563,598	466,828	21,819	(133,619,065)	(476,280,829)	829,984,883	592,272,880	63,941	592,336,821
Adjustment on initial application of IFRS 16		-	-	-	-	-	-	-	-	(1,347,032)	(1,347,032)	-	(1,347,032)
Adjusted balance as at 1 July 2019		191,040,654	236,820,722	(81,725,730)	25,563,598	466,828	21,819	(133,619,065)	(476,280,829)	828,637,851	590,925,848	63,941	590,989,789
Profit for the year		-	-	-	-	-	-	-	-	184,675,753	184,675,753	(3,465)	184,672,288
Other comprehensive income/(loss) for the year		-	-	-	17,001,858	-	-	116,179,041	-	(546,211)	132,634,688	-	132,634,688
Total comprehensive income/(loss) for the year		-	-	-	17,001,858	-	-	116,179,041	-	184,129,542	317,310,441	(3,465)	317,306,976
Transfer from fair value reserve to retained profits		-	-	-	-	-	-	(1,541,194)	-	1,541,194	-	-	-
Transactions with owners													
Purchase of treasury shares	13(d)	-	-	(56,815,349)	-	-	-	-	-	-	(56,815,349)	-	(56,815,349)
Dividends on ordinary shares	16	-	-	-	-	-	-	-	-	(104,814,281)	(104,814,281)	-	(104,814,281)
Total transactions with owners in their capacity as owners		-	-	(56,815,349)	-	-	-	-	-	(104,814,281)	(161,629,630)	-	(161,629,630)
At 30 June 2020		191,040,654	236,820,722	(138,541,079)	42,565,456	466,828	21,819	(18,981,218)	(476,280,829)	909,494,306	746,606,659	60,476	746,667,135

D. Condensed Statements of Changes in Equity (cont'd)

Attributable to owners of the parent								
Company	Note	<----- Non-distributable ----->						
		Share capital (Note 13(b)) RM	Share premium RM	Treasury shares (Note 13(d)) RM	Foreign currency translation reserve RM	Performance share plan reserve RM	Fair value reserve of financial assets at FVOCI RM	Distributable retained profits RM
2021								
At 1 July 2020		191,040,654	1,704,482,883	(138,541,079)	-	-	-	209,442,615
Profit for the year		-	-	-	-	-	-	199,242,246
Other comprehensive income for the year		-	-	-	12,090,091	-	-	12,090,091
Total comprehensive income for the year		-	-	-	12,090,091	-	-	211,332,337
<u>Transactions with owners</u>								
Purchase of treasury shares	13(d)	-	-	(20,424,812)	-	-	-	(20,424,812)
Grant of shares under Performance Share Plan		-	-	-	-	3,697,246	-	3,697,246
Release of shares under Performance Share Plan		-	(1,848,623)	5,545,869	-	(3,697,246)	-	-
Fair value adjustment on contingent consideration for business combination		-	-	-	-	-	-	149,414,493
Release of shares for payment of contingent consideration for business combination		-	(48,474,827)	127,650,377	-	-	-	79,175,550
Dividends on ordinary shares	16	-	-	-	-	-	-	(25,840,294)
Total transactions with owners in their capacity as owners		-	(50,323,450)	112,771,434	-	-	-	186,022,183
At 30 June 2021		191,040,654	1,654,159,433	(25,769,645)	12,090,091	-	-	532,259,060
2020								
At 1 July 2019		191,040,654	1,704,482,883	(81,725,730)	-	-	-	230,232,303
Profit for the year		-	-	-	-	-	-	82,483,399
Other comprehensive income for the year		-	-	-	-	-	1,541,194	1,541,194
Total comprehensive income for the year		-	-	-	-	-	1,541,194	84,024,593
Transfer from fair value reserve to retained profits		-	-	-	-	-	(1,541,194)	1,541,194
<u>Transactions with owners</u>								
Purchase of treasury shares	13(d)	-	-	(56,815,349)	-	-	-	(56,815,349)
Dividends on ordinary shares	16	-	-	-	-	-	-	(104,814,281)
Total transactions with owners in their capacity as owners		-	-	(56,815,349)	-	-	-	(161,629,630)
At 30 June 2020		191,040,654	1,704,482,883	(138,541,079)	-	-	-	209,442,615

E. Condensed Consolidated Statement of Cash Flows

	Note	Group	
		12 months ended 30 June	
		2021 RM	2020 RM Restated (Note 20)
Operating activities:			
Profit before tax		186,737,043	201,426,191
Adjustments for:			
Amortisation of intangible assets	5	23,612,279	20,744,144
Write off of intangible assets		-	117,251
Impairment of intangible assets		-	2,906,176
Depreciation of property, plant and equipment		3,290,537	3,888,732
Depreciation of right-of-use assets		10,396,301	10,004,229
Write off of property, plant and equipment		17,108	62,573
Impairment of property, plant and equipment		-	16,610
Net gain on disposal of property, plant and equipment		(7,543)	(28,238)
Gain on disposal of right-of-use assets		(99,131)	(52,044)
Gain on deemed disposal of a joint venture		-	(2,057,425)
Net loss/(gain) on lease modifications		212,989	(96,917)
Net distribution from a joint venture upon liquidation		(1,026)	-
Loss on liquidation of a subsidiary		1,405,629	-
Inventories written off		11,679	-
Bad debts written off		12,959	145,005
Expected credit losses on trade receivables		1,621,322	2,954,795
Expected credit losses on contract assets		26,697	128,752
Reversal of expected credit losses on trade receivables		(2,254,324)	(808,485)
(Reversal of provision)/Provision for foreseeable losses		(1,243,712)	928,009
Dividend income from financial assets - quoted equity shares		(969,424)	(818,310)
Gain on redemption of financial assets - money market fund		(539,628)	(167,547)
Unrealised foreign currency exchange loss/(gain)		1,866,577	(1,367,029)
Fair value adjustment on contingent consideration for business combination		-	(1,612,461)
Fair value adjustment on subsequent measurement of put liability		15,575,922	(11,338,260)
Loss on derivative asset at fair value through profit or loss		8,566,852	22,879
Performance shares issued		3,719,480	-
Waiver of debts		-	(110,081)
Allowance for unutilised leave		1,785,205	3,725,547
Allowance for defined benefit liabilities		947,389	1,147,062
Share of loss/(profit) of a joint venture		565	(1,392,986)
Finance costs		13,117,885	34,685,474
Finance income		(1,865,335)	(3,999,337)
Total adjustments		79,207,252	57,628,118
Operating cash flows before changes in working capital		265,944,295	259,054,309
Changes in working capital:			
Inventories		442,167	(106,798)
Trade and other receivables		(3,502,854)	(4,962,828)
Contract assets/liabilities		(7,554,385)	(1,763,773)
Amounts due from/to related parties		(2,242,211)	10,292,162
Trade and other payables		(6,220,122)	6,792,906
Total changes in working capital		(19,077,405)	10,251,669
Cash flows from operations		246,866,890	269,305,978
Net uplift of deposits pledged		(166,755)	(1,142,163)
Defined benefits paid		(380,946)	(92,612)
Income tax paid		(47,241,069)	(54,635,228)
Interest paid		(2,173,705)	(3,659,438)
Net cash flows from operating activities		196,904,415	209,776,537

E. Condensed Consolidated Statement of Cash Flows (cont'd)

	Note	Group	
		12 months ended 30 June	
		2021 RM	2020 RM Restated (Note 20)
Investing activities:			
Purchases of property, plant and equipment		(1,379,563)	(6,122,357)
Purchases of right-of-use assets		(62,137)	-
Payments for software development expenditure		(39,417,090)	(31,099,869)
Payments for other intangible assets		(723,915)	(57,853)
Proceeds from distribution from a joint venture upon liquidation		1,142	-
Proceeds from disposal of property, plant and equipment		9,729	191,607
Proceeds from disposal of right-of-use assets		160,818	74,659
Proceeds from disposal of quoted equity investment		-	11,580,312
Proceeds from redemption of financial assets - money market fund		35,342,975	8,253,381
Payment of contingent consideration for business combination		(57,401,360)	-
Purchases of financial assets - money market fund		(32,822,589)	(28,853,403)
Interest received		1,978,424	3,930,979
Dividend income received		969,424	818,310
Net uplift of short-term deposits		10,376,250	4,536,000
Net cash flows used in investing activities		(82,967,892)	(36,748,234)
Financing activities:			
Dividends paid		(25,840,294)	(104,814,281)
Purchase of treasury shares		(20,424,812)	(56,815,349)
Proceeds from revolving credit		1,989,845	102,484,025
Repayment of term loan and revolving credit		(123,516,357)	(42,706,890)
Payment of principal portion of lease liabilities		(10,804,307)	(11,771,676)
Net cash flows used in financing activities		(178,595,925)	(113,624,171)
Net (decrease)/increase in cash and cash equivalents		(64,659,402)	59,404,132
Effects of exchange rate changes on cash and cash equivalents		(4,423,479)	8,182,029
Cash and cash equivalents at beginning of the year		476,424,016	408,837,855
Cash and cash equivalents at end of the year		407,341,135	476,424,016

	Group	
	12 months ended 30 June	
	2021 RM	2020 RM
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:		
Cash and bank balances per Statements of Financial Position	417,118,185	496,742,950
Less: Short-term deposits with licensed banks with maturity more than 3 months	-	(10,708,750)
Less: Pledged deposits	(9,777,050)	(9,610,184)
Cash and cash equivalents at end of the year	407,341,135	476,424,016

F. Notes to the Condensed Consolidated Financial Statements

1. Corporate information

Silverlake Axis Ltd. (the Company) is an exempt company with limited liability and incorporated in Bermuda. The holding company 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 14 of the last annual financial statements for the year ended 30 June 2020. There have been no significant changes in the nature of these activities during the financial year.

2. Basis of preparation

The condensed financial statements for the full year ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board ("IASB"). The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2020.

The accounting policies and methods of computation adopted in the condensed financial statements for the current reporting period are consistent with those disclosed in the audited financial statements as at 30 June 2020 prepared in accordance with International Financial Reporting Standards ("IFRS"), except for the adoption of new and amended standards as set out in Note 2.1.

The Company has changed its functional currency from Ringgit Malaysia ("RM") to Singapore Dollar ("SGD") effective 1 July 2020. The change has been applied prospectively from 1 July 2020 in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates after the analysis of the facts and circumstances that the relevance of RM transactions decreased and the relevance of the SGD transactions increased in the environment where the Company is operating in as an investment holding company listed in Singapore.

It was concluded that no change in the presentation currency of the Company and the condensed financial statements are presented in RM.

2.1 New and amended standards and interpretations adopted

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS which became effective as of 1 July 2020:

Amendments to IFRS 3 - Definition of a Business
Amendments to IAS 1 and IAS 8 - Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest Rate Benchmark Reform
The Conceptual Framework for Financial Reporting
Amendment to IFRS 16 - Covid-19-Related Rent Concessions

The adoption of the above standards does not have significant impact on the financial performance or position of the Group.

2.2 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

2. Basis of preparation (cont'd)

2.2 Standards issued but not yet effective (cont'd)

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

Description	Effective for annual periods beginning on or after
Amendments to IAS 16 Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to IAS 37 Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018 - 2020 Cycle	
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a First-time Adopter	1 January 2022
- Amendments to IFRS 9 Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
- Amendments to IAS 41 Agriculture - Taxation in Fair Value Measurements	1 January 2022
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IAS 8 Definition of Accounting Estimates	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group is currently assessing the impact of the above standards that are applicable, and do not anticipate any significant impact to the Group's financial statements.

2.3 Use of estimates and judgements

The preparation of the Group's condensed consolidated 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. These judgements, estimates and assumptions made were the same as those that applied to the audited consolidated financial statements as at 30 June 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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) Measurement of progress towards complete satisfaction of software project services

The Group uses the input method in measuring progress towards complete satisfaction of software project services in accounting for its contract revenue for rendering of software project services where it is probable that contract costs are recoverable. The progress towards complete satisfaction of software project services is determined by the proportion that the contract costs incurred to date bear to the estimated total costs for the contract.

Significant judgement is required in determining the progress towards complete satisfaction of software project services, 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 estimation, the Group evaluates based on its past experience of similar types of contracts.

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

2. Basis of preparation (cont'd)

2.3 Use of estimates and judgements (cont'd)

(b) Capitalisation and economic useful lives of software development expenditure

The Group capitalised costs relating to the development and enhancement of its new and existing software respectively, upon meeting the criteria for capitalisation as disclosed in Note 2.4(n)(i) of the last annual financial statements for the year ended 30 June 2020. Amortisation of the software begins when development is complete and the software is available for use over the period of expected future benefit (to the maximum of 10 years). The Group reviews the economic useful lives of the software at least once a year. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

(c) Impairment of goodwill

The recoverable amounts of the cash-generating units ("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 and do not include restructuring activities that the Group has not yet committed to or significant future investments that will enhance the performance of the asset or the CGU being tested.

The Group tests goodwill for impairment by assessing the value in use of the underlying CGU. No impairment loss was recognised during the current and previous financial year.

(d) 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 the reporting date is disclosed in Note 8.

(e) Provision for expected credit losses ("ECLs") of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geographical region).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. If forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated with the changes in the forward-looking estimates.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs require estimation. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may not be representative of customer's actual default in the future.

The carrying amounts of the Group's trade receivables and contract assets at the reporting date are disclosed in Note 10 and Note 11 respectively.

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

2. Basis of preparation (cont'd)

2.3 Use of estimates and judgements (cont'd)

(f) Call and put options

The Group acquired SIA X Infotech Group and two of its subsidiaries (collectively, the "XIT Group") in financial year ended 30 June 2019.

The acquisition of XIT Group had resulted in the recognition of a derivative asset for the call option over the shares held by non-controlling interest and a financial liability for put option over the shares held by non-controlling interest. The derivative asset for call option is most sensitive to the discount rate and growth rate used in valuing the option.

As at the reporting date, the carrying amount of the Group's and the Company's derivative asset and the Group's financial liability for the put option are disclosed in Note 9 and Note 15 respectively.

(g) Income tax 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 written-down allowance of intellectual property rights, capital and other tax 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 estimation 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 and other tax benefits to the extent that it is probable that taxable profit will be available against which the losses and tax benefits 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.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial year.

4. Revenue

	Group					
	6 months ended 30 June			12 months ended 30 June		
	2021	2020	Change	2021	2020	Change
	RM	RM	%	RM	RM	%
Sale of goods or rendering of services						
Software licensing	17,787,452	13,553,052	31	40,014,462	56,109,260	(29)
Software project services	35,537,770	41,260,050	(14)	65,408,752	74,313,921	(12)
Maintenance and enhancement services	238,882,835	223,818,252	7	475,026,409	460,288,342	3
Sale of software and hardware products	8,744,662	6,561,960	33	10,735,338	26,948,914	(60)
Software-as-a-Service						
- Insurance processing	16,423,667	14,939,023	10	34,228,154	34,670,851	(1)
- Retail	386,806	280,381	38	709,689	483,549	47
Credit and cards processing	-	7,811,916	(100)	-	10,876,716	(100)
Total revenue from contracts with customers	317,763,192	308,224,634	3	626,122,804	663,691,553	(6)

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

4. Revenue (cont'd)

A breakdown of revenue is presented as follows:

	Group		
	Financial year ended		
	2021 RM	2020 RM	Change %
Revenue reported for the first half of the financial year	308,359,612	355,466,919	(13)
Operating profit after tax before deducting non-controlling interests reported for the first half of the financial year	67,526,663	100,015,037	(32)
Revenue reported for the second half of the financial year	317,763,192	308,224,634	3
Operating profit after tax before deducting non-controlling interests reported for the second half of the financial year	75,551,976	84,657,251	(11)

5. Profit before tax

Profit before tax is arrived at after (charging)/crediting:

	Group					
	6 months ended 30 June			12 months ended 30 June		
	2021 RM	2020 RM	Change %	2021 RM	2020 RM	Change %
Amortisation of intangible assets	(11,950,852)	(10,058,691)	19	(23,612,279)	(20,744,144)	14
Write off of intangible assets	-	(116,288)	(100)	-	(117,251)	(100)
Impairment of intangible assets	-	(2,906,176)	(100)	-	(2,906,176)	(100)
Depreciation of property, plant and equipment	(1,342,349)	(2,029,099)	(34)	(3,290,537)	(3,888,732)	(15)
Depreciation of right-of-use assets	(5,212,900)	(5,266,903)	(1)	(10,396,301)	(10,004,229)	4
Write off of property, plant and equipment	(21,081)	(53,447)	(61)	(17,108)	(62,573)	(73)
Impairment of property, plant and equipment	-	(16,610)	(100)	-	(16,610)	(100)
Net gain on disposal of property, plant and equipment	194,783	18,075	978	7,543	28,238	(73)
Gain on disposal of right-of-use assets	-	52,044	(100)	99,131	52,044	90
Net (loss)*/gain** on lease modifications	(332,344)	(82,885)	301	(212,989)	96,917	(320)
Gain on deemed disposal of a joint venture**	-	2,057,425	(100)	-	2,057,425	(100)
Net distribution from a joint venture upon liquidation**	-	-	N/M	1,026	-	N/M
Loss on liquidation of a subsidiary*	(1,405,629)	-	N/M	(1,405,629)	-	N/M
Bad debts written off*	(4,302)	208,684	(102)	(12,959)	(145,005)	(91)
Inventories written off	(11,679)	-	N/M	(11,679)	-	N/M
Expected credit losses on trade receivables*	(1,621,322)	(2,573,692)	(37)	(1,621,322)	(2,954,795)	(45)
Expected credit losses on contract assets*	(26,697)	(128,752)	(79)	(26,697)	(128,752)	(79)
Reversal of expected credit losses on trade receivables**	753,306	421,321	79	2,254,324	808,485	179
Reversal of provision/(Provision) for foreseeable losses	722,675	(1,001,932)	(172)	1,243,712	(928,009)	(234)
Dividend income from financial assets - quoted equity shares**	-	-	N/M	969,424	818,310	18
Gain on redemption of financial assets - money market fund	179,100	47,523	277	539,628	167,547	222
Net foreign currency exchange gain**/(loss)*:						
- realised	2,041,791	(1,815,627)	(212)	(2,391,359)	(4,372,603)	(45)
- unrealised	(379,405)	2,527,492	(115)	(1,866,577)	1,367,029	(237)

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

5. Profit before tax (cont'd)

Profit before tax is arrived at after (charging)/crediting: (cont'd)

	Group					
	6 months ended 30 June			12 months ended 30 June		
	2021 RM	2020 RM	Change %	2021 RM	2020 RM	Change %
Fair value adjustment on contingent consideration for business combination	-	(3,505,469)	(100)	-	1,612,461	(100)
Fair value adjustment on subsequent measurement of put liability	(15,575,922)	11,338,260	(237)	(15,575,922)	11,338,260	(237)
Loss on derivative asset at fair value through profit or loss*	(8,566,852)	(22,879)	37344	(8,566,852)	(22,879)	37344
Performance shares issued	-	-	N/M	(3,719,480)	-	N/M
Waiver of debts**	-	-	N/M	-	110,081	(100)
Allowance for unutilised leave	(4,274,290)	(4,149,624)	3	(1,785,205)	(3,725,547)	(52)
Allowance for defined benefit liabilities	(217,010)	(479,864)	(55)	(947,389)	(1,147,062)	(17)
Adjustments for over provision of tax in respect of prior years	4,979,045	1,676,892	197	5,534,569	1,679,229	230

* Included in other operating expenses

** Included in other operating income

N/M = Not Meaningful

6. Income tax expense/(credit)

	Group					
	6 months ended 30 June			12 months ended 30 June		
	2021 RM	2020 RM	Change %	2021 RM	2020 RM	Change %
					Restated (Note 20)	
Current income tax	20,570,713	21,613,651	(5)	44,616,127	48,791,021	(9)
Deferred tax	(12,457,549)	(33,142,410)	(62)	(3,901,821)	(32,495,950)	(88)
Foreign and withholding tax	(2,332,374)	(4,505,494)	(48)	2,944,098	458,832	542
Total income tax expense/(credit)	5,780,790	(16,034,253)	(136)	43,658,404	16,753,903	161

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

7. Earnings per share

	Group			
	6 months ended 30 June		12 months ended 30 June	
	2021	2020	2021	2020
Profit net of tax attributable to owners of the parent (RM)	75,557,448	84,664,195	143,086,927	184,675,753
Weighted average number of ordinary shares for basic earnings per share computation *	2,605,099,947	2,623,799,690	2,605,099,947	2,623,799,690
Basic earnings per share (RM sen)	2.90	3.23	5.49	7.04
Weighted average number of ordinary shares for diluted earnings per share computation	2,605,099,947	2,623,799,690	2,605,099,947	2,623,799,690
Diluted earnings per share (RM sen)	2.90	3.23	5.49	7.04

* 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.

8. Investments in subsidiaries

	Company	
	As at 30 June 2021	As at 30 June 2020
	RM	RM
Shares at cost, unquoted		
At beginning of the year	2,358,991,046	2,351,664,121
Incorporation of subsidiaries	3	3
Contribution to a subsidiary	918,387	7,326,922
Liquidation of a subsidiary	(17,191,355)	-
Currency translation differences	10,741,460	-
At end of the year	2,353,459,541	2,358,991,046
Accumulated impairment loss		
At beginning of the year	125,880,513	105,464,968
Impairment loss for the year*	182,094,493	20,415,545
Liquidation of a subsidiary	(17,191,355)	-
Currency translation differences	1,883,632	-
At end of the year	292,667,283	125,880,513
Net carrying amount	2,060,792,258	2,233,110,533

During the financial year, management performed an impairment test on investments in subsidiaries with indications of impairment. The carrying value of the Company's investments in subsidiaries has been tested for impairment by discounting the total estimated future cash flows of the subsidiaries' business using long-term growth rate ranging from 0% to 4% (FY2020: 0% to 4%) and discount rate ranging from 12% to 13% (FY2020: 12% to 14%), varying in accordance to country and industry, taking into consideration the nature and basis for valuation adjustments and calculations.

* Investment in a subsidiary has been reduced by RM182,094,493 (FY2020: RM20,415,545) to its recoverable amount subsequent to its declaration of a dividend of RM182,653,995 (FY2020: RM20,632,650), following the completion of the Group's internal restructuring. The subsidiary has ceased operations and is expected to remain dormant for the foreseeable future.

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

9. Derivative asset

	Group and Company	
	As at 30 June 2021 RM	As at 30 June 2020 RM
Financial asset at fair value	752,296	9,343,814

This represents the fair value of call option in connection with the acquisition of the remaining 20% equity interest in SIA X Infotech Group, accounted for as a derivative asset in accordance with IFRS 9 Financial Instruments. The derivative asset has been remeasured at the reporting date and the change in fair value of RM8,566,852 (FY2020: RM22,879) (Note 5) was recognised in the "Administrative expenses" line item in the consolidated income statement for the financial year ended 30 June 2021.

This derivative asset was reclassified from non-current asset to current asset in current financial year as the call option is exercisable by the Company and will expire in the next financial year.

10. Trade and other receivables

	Group		Company	
	As at 30 June 2021 RM	As at 30 June 2020 RM	As at 30 June 2021 RM	As at 30 June 2020 RM
Trade receivables				
Third parties	139,354,331	141,968,285	-	-
Less: Expected credit losses	(9,124,618)	(10,838,080)	-	-
Net trade receivables	130,229,713	131,130,205	-	-
Other receivables				
Sundry receivables	5,353,127	4,901,122	3,553	7,308
Deposits	3,334,925	3,929,856	-	-
	8,688,052	8,830,978	3,553	7,308
Trade and other receivables	138,917,765	139,961,183	3,553	7,308

11. Contract assets/(liabilities)

	Group	
	As at 30 June 2021 RM	As at 30 June 2020 RM
Contract assets		
Amounts due from customers for contract work-in-progress	49,971,123	49,197,340
Advance maintenance costs	7,280,647	6,408,766
Prepaid license and hardware costs	1,532,667	1,587,970
	58,784,437	57,194,076
Less: Expected credit losses	(190,346)	(163,431)
Net contract assets	58,594,091	57,030,645
Contract liabilities		
Amounts due to customers for contract work-in-progress	(16,437,686)	(24,273,613)
Advance maintenance fees	(82,070,719)	(84,054,573)
Deferred revenue	(10,312,396)	(8,660,776)
	(108,820,801)	(116,988,962)

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

11. Contract assets/(liabilities) (cont'd)

Contract assets include amounts due from customers for contract work-in-progress, which are initially recognised for revenue earned from project implementation services and enhancement services as receipt of consideration is conditional on successful completion of implementation and enhancement work. Upon acceptance of work progress by the customer and issuance of billing to customer, the amounts recognised as contract assets are reclassified to trade receivables.

Contract assets also include advance maintenance costs where billings are received or payments are made in advance for which the maintenance costs will be recognised over the contractual period, as well as prepaid costs where the costs will be recognised when the goods are received from the suppliers.

Contract liabilities include amounts due to customers for contract work-in-progress where billings have been issued to or amounts collected from customers for work yet to be performed, maintenance fees billed in advance for which revenue will be recognised over the contractual period, as well as deferred revenue where transaction price is allocated to unexpired free man-days and options for the customers to acquire additional goods or services at discounts.

12. Net asset value

	Group		Company	
	As at 30 June 2021 sen	As at 30 June 2020 sen	As at 30 June 2021 sen	As at 30 June 2020 sen
Net asset value per ordinary share *	39.40	28.83	88.34	75.94

* Based on the issued share capital excluding treasury shares as at the end of the current financial year and the immediately preceding financial year.

13. Share capital and treasury shares

(a) Authorised share capital

	Group and Company	
	Number of ordinary shares of USD0.02 each	
	As at 30 June 2021	As at 30 June 2020
At beginning and end of the year	5,000,000,000	5,000,000,000

(b) Issued and fully paid share capital

	Group and Company			
	Number of ordinary shares of USD0.02 each		Amount	
	As at 30 June 2021	As at 30 June 2020	As at 30 June 2021 RM	As at 30 June 2020 RM
At beginning and end of the year	2,696,472,800	2,696,472,800	191,040,654	191,040,654

There have been no changes in the Company's issued and paid-up share capital since the end of the previous financial year.

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

13. Share capital and treasury shares (cont'd)

(c) Total number of issued shares excluding treasury shares

	Group and Company	
	As at 30 June 2021	As at 30 June 2020
Total number of issued shares	2,696,472,800	2,696,472,800
Less: Treasury shares	(20,569,091)	(107,115,868)
Total number of issued shares excluding treasury shares	<u>2,675,903,709</u>	<u>2,589,356,932</u>

(d) Treasury shares

	Group and Company	
	Number of treasury shares	RM
At 1 July 2019	51,420,068	81,725,730
Purchase of treasury shares	55,695,800	56,815,349
At 30 June 2020	<u>107,115,868</u>	<u>138,541,079</u>
At 1 July 2020	107,115,868	138,541,079
Purchase of treasury shares	23,874,400	20,424,812
Release of treasury shares pursuant to Performance Share Plan	(4,500,000)	(5,545,869)
Release of treasury shares for payment of contingent consideration for business combination	<u>(105,921,177)</u>	<u>(127,650,377)</u>
At 30 June 2021	<u>20,569,091</u>	<u>25,769,645</u>

During the financial year, the Company purchased 23,874,400 (FY2020: 55,695,800) shares pursuant to the share purchase mandate approved by shareholders on 27 October 2020 (FY2020: 24 October 2019). These shares were acquired by way of market acquisition for a total consideration of RM20,424,812 (FY2020: RM56,815,349) and are held as treasury shares by the Company.

On 21 December 2020, the Company reissued 4,500,000 treasury shares to its Group Managing Director pursuant to Silverlake Axis Ltd. Performance Share Plan.

On 31 March 2021, the Company settled the earn-out consideration ("EOC") for the acquisition of Silverlake Investment (SG) Pte. Ltd. as follows:

- (i) 20% EOC by way of cash payment of RM57,401,360; and
- (ii) the remaining 80% EOC by the Company's shares ("EOC Shares"). Accordingly, 105,921,177 shares were released from the Company's existing treasury shares to the vendors. As the fair value of the EOC Shares, at SGD0.245 per share on date of settlement, is lower than the agreed issue price of SGD0.71 per share as stipulated in the share sale and purchase agreement, a gain of RM149,414,493 was recognised in equity in the current financial year.

The percentage of treasury shares over total ordinary shares, net of treasury shares, amounts to 0.8% (FY2020: 4.1%).

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

14. Loans and borrowings

	Group		Company	
	As at 30 June 2021 RM	As at 30 June 2020 RM	As at 30 June 2021 RM	As at 30 June 2020 RM
Amount repayable in one year or less, or on demand				
- Secured	1,223,933	1,261,271	-	-
- Unsecured	8,156,946	8,398,267	-	-
	9,380,879	9,659,538	-	-
Amount repayable after one year				
- Secured	1,552,988	1,811,934	-	-
- Unsecured	15,278,014	139,449,502	-	121,754,466
	16,831,002	141,261,436	-	121,754,466

(a) Secured

Details of any collaterals

The secured facilities of the Group comprise hire purchases and term loan.

The hire purchases are secured by certain right-of-use assets of subsidiaries with a total net carrying amount of RM3,279,082 as at 30 June 2021 (RM2,815,706 as at 30 June 2020).

The term loan facility of a subsidiary is secured by its property, plant and equipment, and right-of-use assets with a total net carrying amount of RM264,002 and RM211,510 respectively as at 30 June 2021 (RM585,103 and RM362,383 as at 30 June 2020).

A subsidiary has an overdraft facility secured by guarantee provided by the Company. During the financial year, this facility has been converted to a committed revolving credit facility.

(b) Unsecured

The unsecured facilities of the Group comprise committed revolving credit facility and lease liabilities.

The Company has fully settled the committed revolving credit facility during the financial year and cancelled this facility on 21 July 2021.

15. Put liability

	Group	
	As at 30 June 2021 RM	As at 30 June 2020 RM
Put liability at acquisition	11,939,294	11,939,294
Unwinding of discount on put liability (cumulative)	2,482,351	2,143,168
Fair value changes recognised in profit or loss (cumulative)	4,237,662	(11,338,260)
	18,659,307	2,744,202

This represents the present value of the estimated consideration payable for exercising the put option over the remaining 20% equity interest in SIA X Infotech Group ("XIT Group").

XIT Group achieved a FY2021 adjusted net profit after tax that was higher than that estimated at the previous reporting date. Accordingly, the fair value of the put liability has been remeasured at a discount rate of 12% (FY2020: 14%), which gave rise to an increase in the put liability by RM15,575,922 (FY2020: Decreased by RM11,338,260). The resultant fair value adjustment was recognised in the consolidated income statement for the financial year ended 30 June 2021.

This put liability was reclassified from non-current liabilities to current liabilities in current financial year as the put option is due and will expire in the next financial year.

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

16. Dividend

	Group and Company			
	As at 30 June 2021		As at 30 June 2020	
	Dividend per share SGD/RM	Amount of dividend RM	Dividend per share SGD/RM	Amount of dividend RM
Declared and paid/payable during the financial year:				
Dividends on ordinary shares:				
In respect of financial year ended 30 June 2019:				
- Final dividend paid per share, tax exempt (1-tier)	-	-	0.0070 / 0.0215	56,851,440
In respect of financial year ended 30 June 2020:				
- First interim dividend paid per share, tax exempt (1-tier)	-	-	0.0030 / 0.0092	24,208,749
- Second interim dividend paid per share, tax exempt (1-tier)	-	-	0.0030 / 0.0091	23,754,092
- Final dividend paid per share, tax exempt (1-tier)	0.0033 / 0.0100	25,840,294	-	-
		<u>25,840,294</u>		<u>104,814,281</u>
Proposed but not recognised as a liability as at 30 June:				
Final dividend on ordinary shares, subject to shareholders' approval at the AGM	0.0052 / 0.0160	<u>42,933,805</u>	0.0033 / 0.0101	<u>26,266,955</u>

17. Significant related party transactions

	Group	
	Financial year ended 30 June	
	2021 RM	2020 RM
Sale of goods and rendering of services to related parties:		
- Software licensing	9,685,925	16,280,772
- Software project services	16,537,897	23,313,194
- Maintenance and enhancement services	23,570,369	24,408,229
- Sale of hardware products	473,000	88,970
Service fees paid to related parties	6,419,436	12,989,194
Accounting and administrative expenses paid to related parties	3,997,238	2,737,269
Other costs reimbursed from related parties	63,089	64,739
Rental paid to related parties	94,937	235,128
Rental paid by related parties	280,820	339,843
Purchase of property, plant and equipment from a related party	32,691	5,854
Purchase of intangible assets from a related party	3,180,000	-

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

18. 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.

There were no transfers between Level 1, Level 2 and Level 3 during the current and previous financial year.

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

18. Fair values of financial instruments (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:

	Group				Company			
	Fair value measurements using			Total	Fair value measurements using			Total
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
	RM	RM	RM	RM	RM	RM	RM	RM
Assets and liabilities measured at fair value								
As at 30 June 2021								
Financial assets:								
<u>Current assets</u>								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	288,154,976	-	-	288,154,976	-	-	-	-
Financial assets at fair value through profit or loss - money market fund	-	27,665,942	-	27,665,942	-	-	-	-
Derivative asset (Note 9)	-	-	752,296	752,296	-	-	752,296	752,296
	288,154,976	27,665,942	752,296	316,573,214	-	-	752,296	752,296
Financial liability:								
<u>Current liability</u>								
Put liability (Note 15)	-	-	18,659,307	18,659,307	-	-	-	-
As at 30 June 2020								
Financial assets:								
<u>Non-current asset</u>								
Derivative asset (Note 9)	-	-	9,343,814	9,343,814	-	-	9,343,814	9,343,814
<u>Current assets</u>								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	310,166,620	-	-	310,166,620	-	-	-	-
Financial assets at fair value through profit or loss - money market fund	-	29,646,700	-	29,646,700	-	-	-	-
	310,166,620	29,646,700	9,343,814	349,157,134	-	-	9,343,814	9,343,814
Financial liabilities:								
<u>Non-current liability</u>								
Put liability (Note 15)	-	-	2,744,202	2,744,202	-	-	-	-
<u>Current liability</u>								
Other payables - contingent consideration	-	-	276,366,990	276,366,990	-	-	276,366,990	276,366,990
	-	-	279,111,192	279,111,192	-	-	276,366,990	276,366,990

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

19. Segment information

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

Operating and non-operating segments

- (i) Software licensing - provision of digital economy solutions to banks and corporations in banking, retail, government, payment and logistics industries.
- (ii) Software project services - provision of software customisation and implementation services to deliver end-to-end core banking, payment, retail, digital identity and security software 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) Software-as-a-Service - Insurance processing - provision of cloud computing Software-as-a-Service collaborative platform for policy origination and insurance claim processing.
- (vi) Software-as-a-Service - Retail - provision of Software-as-a-Service subscription version of retail automation solution.
- (vii) Others - comprising credit and cards processing which does not constitute a separate reportable segment; and investment holding and corporate activities 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 aspect as explained in the table below, is measured differently from operating profit or loss in the condensed 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.

(a) By geographical segments

	Group		
	Financial year ended		
	2021 RM	2020 RM	Change %
Revenue			
South East Asia	488,258,209	530,886,946	(8)
North East Asia	22,378,160	39,778,063	(44)
South Asia	44,274,073	42,995,630	3
Middle East	22,337,585	14,928,299	50
Americas	1,699,367	2,341,569	(27)
Africa	24,083,946	7,187,597	235
Europe	23,091,464	25,573,449	(10)
Total	626,122,804	663,691,553	(6)

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

19. Segment information (cont'd)

(b) By business segments

Group	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Software-as- a-Service - Insurance processing RM	Software-as- a-Service - Retail RM	Others RM	Adjustments and eliminations RM	Per consolidated financial statements RM
FY2021									
Revenue:									
External customers	40,014,462	65,408,752	475,026,409	10,735,338	34,228,154	709,689	-	-	626,122,804
At a point in time	10,395,032	-	-	10,735,338	30,952,962	-	-	-	52,083,332
Over time	29,619,430	65,408,752	475,026,409	-	3,275,192	709,689	-	-	574,039,472
Inter-segment	-	-	-	-	-	-	421,166,869	(421,166,869) ⁽¹⁾	-
Results:									
Finance income	64,280	207,887	1,196,872	6,862	88,539	1,839	299,056	-	1,865,335
Finance costs	(96,221)	(125,242)	(790,041)	(35,119)	(38,030)	(2,768)	(12,030,464)	-	(13,117,885)
Selling and distribution costs	(3,181,492)	(4,020,046)	(19,198,154)	(1,089,188)	(2,750,106)	(168,100)	(103,714)	-	(30,510,800)
Depreciation of property, plant and equipment	(401,292)	(402,916)	(2,215,561)	(130,238)	(55,331)	(17,725)	(67,474)	-	(3,290,537)
Depreciation of right-of-use assets	(828,664)	(1,204,669)	(7,308,135)	(223,726)	(535,975)	(17,818)	(277,314)	-	(10,396,301)
Amortisation of intangible assets	(19,883,259)	(109,537)	(1,757,416)	-	(1,862,067)	-	-	-	(23,612,279)
Share of loss of a joint venture	-	-	-	-	-	-	(565)	-	(565)
Reversal of provision for foreseeable losses	-	1,243,712	-	-	-	-	-	-	1,243,712
Fair value adjustment on subsequent measurement of put liability	-	-	-	-	-	-	(15,575,922)	-	(15,575,922)
Loss on derivative asset at fair value through profit or loss	-	-	-	-	-	-	(8,566,852)	-	(8,566,852)
Loss on liquidation of a subsidiary	-	-	-	-	-	-	(1,405,629)	-	(1,405,629)
Dividend income from financial assets - quoted equity shares	-	-	-	-	-	-	969,424	-	969,424
Other non-cash income/(expenses)	259,443	(79,602)	(3,007,637)	289,941	(913,306)	(14,906)	(3,853,686)	-	(7,319,753)
Segment profit/(loss)	13,602,111	17,986,984	276,447,605	3,325,672	17,146,738	(9,364)	(323,857,196)	182,094,493 ⁽²⁾	186,737,043
Assets:									
Capital expenditure	35,586,286	544,265	4,016,857	164,502	1,618,744	44,515	1,623,070	-	43,598,239
Segment assets	126,672,040	132,596,922	561,234,912	15,909,727	83,325,499	1,216,010	377,236,970	66,064,533 ⁽³⁾	1,364,256,613
Segment liabilities	14,525,929	12,686,200	177,639,220	2,876,227	7,646,921	302,632	28,308,660	65,802,336 ⁽³⁾	309,788,125

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

19. Segment information (cont'd)

(b) By business segments (cont'd)

Group	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Software-as- a-Service - Insurance processing RM	Software-as- a-Service - Retail RM	Others RM	Adjustments and eliminations RM	Per consolidated financial statements RM
FY2020									
Revenue:									
External customers	56,109,260	74,313,921	460,288,342	26,948,914	34,670,851	483,549	10,876,716	-	663,691,553
At a point in time	13,933,731	-	-	26,948,914	29,363,675	-	-	-	70,246,320
Over time	42,175,529	74,313,921	460,288,342	-	5,307,176	483,549	10,876,716	-	593,445,233
Inter-segment	-	-	-	-	-	-	152,486,160	(152,486,160) ⁽¹⁾	-
Results:									
Finance income	255,697	378,741	2,478,178	132,527	121,242	1,370	631,582	-	3,999,337
Finance costs	(113,772)	(135,818)	(956,993)	(71,494)	(34,467)	(1,340)	(33,371,590)	-	(34,685,474)
Selling and distribution costs	(3,529,205)	(3,367,125)	(21,452,988)	(1,989,413)	(3,809,806)	(38,861)	792,054	-	(33,395,344)
Depreciation of property, plant and equipment	(346,840)	(351,665)	(2,221,994)	(180,125)	(724,898)	(7,292)	(55,918)	-	(3,888,732)
Depreciation of right-of-use assets	(929,822)	(1,065,104)	(7,070,432)	(464,075)	(330,153)	(7,900)	(136,743)	-	(10,004,229)
Amortisation of intangible assets	(16,744,420)	-	(2,137,657)	-	(1,862,067)	-	-	-	(20,744,144)
Impairment of intangible assets	(2,906,176)	-	-	-	-	-	-	-	(2,906,176)
Share of profit of a joint venture	-	-	-	-	-	-	1,392,986	-	1,392,986
Provision for foreseeable losses	-	(928,009)	-	-	-	-	-	-	(928,009)
Fair value adjustment on contingent consideration for business combination	-	-	-	-	-	-	1,612,461	-	1,612,461
Fair value adjustment on subsequent measurement of put liability	-	-	-	-	-	-	11,338,260	-	11,338,260
Gain on deemed disposal of a joint venture	-	-	-	-	-	-	2,057,425	-	2,057,425
Dividend income from financial assets									
- quoted equity shares	-	-	-	-	-	-	818,310	-	818,310
Other non-cash (expenses)/income	(102,872)	(25,029)	(3,900,961)	10,513	(46,814)	4,163	(1,629,133)	-	(5,690,133)
Segment profit/(loss)	24,082,052	13,663,945	256,632,261	6,168,883	18,904,945	122,555	(138,563,995)	20,415,545 ⁽²⁾	201,426,191
Assets:									
Interest in a joint venture	-	-	-	-	-	-	696	-	696
Capital expenditure	30,047,817	1,573,899	10,436,008	1,762,017	4,699,495	69,803	29,072	-	48,618,111
Segment assets	119,700,699	124,899,737	613,504,997	32,892,038	81,107,838	438,361	423,862,337	71,818,647 ⁽³⁾	1,468,224,654
Segment liabilities	23,630,982	20,946,691	174,264,446	6,761,175	7,060,709	67,553	412,011,087	76,814,876 ⁽³⁾	721,557,519

⁽¹⁾ Inter-segment dividend is eliminated on consolidation.

⁽²⁾ Impairment losses in investment in subsidiaries is eliminated on consolidation to arrive at "Profit before tax" presented in the consolidation income statement, as these items have been included in the segment profit/(loss) of the others segment.

⁽³⁾ Tax items such as tax recoverable/payable and deferred tax assets/liabilities are managed on a group basis and are not allocated to individual segment, and are herein added to segment assets/liabilities to arrive at total assets/liabilities reported in consolidated statement of financial position.

F. Notes to the Condensed Consolidated Financial Statements (cont'd)

20. Restatement of comparatives

The following comparative figures have been reclassified to conform with current year's presentation:

	As previously stated RM	Re- classification RM	As restated RM
30 June 2020			
Consolidated income statement			
Cost of sales	(271,960,168)	(12,110,402)	(284,070,570)
Gross profit	391,731,385	(12,110,402)	379,620,983
Administrative expenses	(139,980,646)	896,820	(139,083,826)
Income tax expense	(27,967,485)	11,213,582	(16,753,903)
Consolidated statement of cash flows			
Profit before tax	212,639,773	(11,213,582)	201,426,191
Income tax paid	(65,848,810)	11,213,582	(54,635,228)

The Group's subsidiaries engage businesses in different jurisdictions, there are taxes imposed on foreign sourced income. During the financial year, it was clarified that part of these foreign and withholding taxes were derived or taxed on gross revenue and not based on taxable profits, therefore not considered as 'Income Taxes' in the consolidated income statement. The Group presented such withholding taxes as part of Cost of Sales in the consolidated income statement and comparative amounts have been restated to reflect the substance of these taxes.

G. Other Information required by Listing Rule Appendix 7.2

1. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

2. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).

Not applicable.

3. Review of the performance of the group

(a) INCOME STATEMENT REVIEW – Financial year ended 30 June 2021 ("FY2021") vs 30 June 2020 ("FY2020")

Overview

Silverlake Axis Ltd. ("SAL") is a leading enterprise technology, software and services company focused on financial services and serving 40% of the top 20 largest banks in South East Asia. Founded in 1989, SAL has an impeccable track record of successful delivery of innovative and transformative solutions to its enterprise customers and their ecosystems. The Group has more than 370 enterprise customers in over 80 countries across Asia, Europe, Middle East, Africa, and the Americas.

The Group has undertaken several acquisitions over the years to broaden its suite of business enterprise software solutions and service offerings to strengthen its market position in both existing and new markets. With expanded capabilities, the Group is well positioned to empower its customers to compete effectively in the digital age.

In FY2021, the Group recorded revenue of RM626.1 million, a decrease of 6% over the prior year. The Group achieved earnings before interest, taxes, depreciation and amortisation ("EBITDA") of RM235.3 million and net profit attributable to shareholders of RM143.1 million in FY2021, a decrease of 12% and 23% respectively, as compared to FY2020.

Revenue

By Business Activities

	Group		
	Financial year ended 30 June		Change %
	2021 RM	2020 RM	
Software licensing*	40,014,462	56,109,260	(29)
Software project services*	65,408,752	74,313,921	(12)
Maintenance and enhancement services**	475,026,409	460,288,342	3
Sale of software and hardware products	10,735,338	26,948,914	(60)
Software-as-a-Service**			
- Insurance processing	34,228,154	34,670,851	(1)
- Retail	709,689	483,549	47
Credit and cards processing	-	10,876,716	(100)
Total	626,122,804	663,691,553	(6)

* Project related revenue

** Recurring revenue

Group revenue of RM626.1 million in FY2021 was 6% lower than the RM663.7 million recorded in FY2020 due to lower contributions from project related revenue. Maintenance and enhancement services continue to grow year-on-year, at 3% for the year. Software-as-a-Service ("SaaS") revenue for insurance processing was flat while retail grew at a significant 47% year-on-year. As planned, Silverlake Japan Ltd. ceased its operations in Q1 FY2021 following the termination of the last customer contract for credit and cards processing in late FY2020.

Recurring revenue segments comprising maintenance and enhancement services, and SaaS remain a key revenue driver for the Group and contributed 81% of total Group revenue in FY2021.

- Maintenance revenue recorded a marginal growth of 2% to RM227.5 million in FY2021. The increase came from new maintenance contracts secured as well as revision of maintenance fees for existing contracts. Enhancement services revenue continue to maintain momentum in FY2021 and increased by 4% to RM247.5 million, with customers relying on SAL to modernise their core banking platforms for the digital age.
- SaaS Insurance processing revenue decreased marginally by 1% from RM34.7 million in FY2020 to RM34.2 million in FY2021. Compared to FY2020, the prolonged pandemic and movement control restrictions have resulted in lower claims processing activities. This has led to lower traffic volume and hence fewer motor accident claims. The decrease was partially offset by the positive contribution from a number of other activities; active cross selling of the TrueSight suite of productivity & analytics solutions to existing customers and increased revenue from the sale of e-policies in Thailand, Hong Kong and Vietnam.

G. Other Information required by Listing Rule Appendix 7.2 (cont'd)

- Revenue from SaaS for retail has shown significant growth of 47% from RM0.5 million to RM0.7 million and this momentum will continue as the Group pivots to SaaS offerings to the larger SME market.

Project related revenue comprising software licensing and software project services declined 19% from RM130.4 million in FY2020 to RM105.4 million in FY2021.

- Software licensing revenue decreased by 29% to RM40.0 million in FY2021 as customers continue to be cautious in committing to significant new software licensing deals in the first 3 quarters of FY2021. Significant new software licensing deals began to pick up in Q4 FY2021 and it is anticipated that will continue through to the first half of FY2022.
- Software project services segment recorded lower progressive revenue in FY2021. Revenue from this segment declined 12% to RM65.4 million due to key projects having been completed or nearing completion or projects being delayed at specific client requests. However, the decrease in FY2021 was somewhat mitigated by smaller scale contracts for SIBS technology refresh contracts secured in Malaysia in 2H FY2020 and new MÖBIUS and banking implementation contracts secured in Sri Lanka, Thailand and Malaysia in 2H FY2021. Specifically, the Group booked and recognised the first tranche of a major MÖBIUS win with one of the largest banks in Thailand.
- The Group adopts the IFRS revenue recognition standard which mandates recognition of project revenue on a percentage of completion method whereby revenue is recognised based on the progression of actual project completion. Based on this, revenue from recently closed deals and projects will be recognised in future periods as work progresses.

Sale of software and hardware products recorded lower revenue of RM10.7 million in FY2021 as compared to RM26.9 million in FY2020. Hardware sales are seasonal by nature and dependent on the requirements and specification to support the smooth implementation of new or enhancement of existing systems. There were sizeable hardware sales delivered to support the technology refresh contract of banks in Malaysia in FY2020 whereas the quantum of sale of hardware products in FY2021 were somewhat smaller and largely to markets in Africa, Malaysia and Cambodia. Lower sales recorded in FY2021 could be affected by the deferment of capital expenditure during the pandemic period as well as awaiting for the launch of the latest IBM I series in September 2021.

Profitability

Despite a decrease in gross profit from RM379.6 million in FY2020 to RM376.9 million in FY2021, gross profit margin improved from 57% to 60% in FY2021 mainly due to better margins generated from software project services as well as maintenance and enhancement services in FY2021.

Following the low interest rate environment amidst the COVID-19 pandemic, the Group earned lower finance income from deposit placements with financial institutions in FY2021 as compared with FY2020.

Other income of RM11.5 million in FY2021 was 51% lower than the RM23.6 million reported in FY2020.

- FY2021 other income comprises mainly the following items:
 - (i) RM4.9 million government subsidies and office rental concessions from Singapore, Latvia, Malaysia and Hong Kong to support businesses during the COVID-19 pandemic period; and
 - (ii) RM2.3 million from reversal of expected credit losses on trade receivables collected.
- Conversely, the higher FY2020 other income comprised mainly the following items:
 - (i) RM11.3 million gain in Q4 FY2020 arising from remeasurement of put liability on the remaining 20% equity interest in SIA X Infotech Group ("XIT Group");
 - (ii) RM2.9 million government subsidies from Singapore, Malaysia and Hong Kong to support businesses during the COVID-19 pandemic period;
 - (iii) RM2.1 million gain from deemed disposal of a joint venture recognised in Q4 FY2020;
 - (iv) RM1.6 million fair value gain from the remeasurement of contingent consideration for the acquisition of XIT Group and Silverlake Investment (SG) Pte. Ltd. Group ("SISG Group"); and
 - (v) RM0.8 million from reversal of expected credit losses on trade receivables collected.

There was a 9% reduction in selling and distribution costs from RM33.4 million to RM30.5 million in FY2021 as a result of cost control measures instituted by management during the pandemic period.

Administrative expenses increased by 15% from RM139.1 million to RM159.9 million in FY2021 due mainly to:

- (i) a charge of RM15.6 million arising from the remeasurement of the put liability over the remaining 20% equity interest in XIT Group in Q4 FY2021 and a RM8.6 million loss on remeasurement of a derivative asset in relation to the XIT call option at fair value through profit or loss in Q4 FY2021. These charges are related to the put and call options that form part of the agreement signed in 2019 for the acquisition of XIT Group;
- (ii) the cost of Silverlake Axis Ltd. Performance Share Plan award recognised in Q2 FY2021; partially offset by
- (iii) a one-off non-recurring expense incurred for a Mutual Separation Scheme charged in Q4 FY2020. The Group did not repeat the exercise this financial year.

G. Other Information required by Listing Rule Appendix 7.2 (cont'd)

Finance costs decreased by 62% from RM34.7 million to RM13.1 million in FY2021 mainly due to the end of unwinding of discount on the contingent consideration payable for the acquisition of SISG Group as required by IFRS, as well as lower interest expense on the revolving credit facility.

In aggregate, the Group's profit before tax declined from RM201.4 million to RM186.7 million in FY2021 with a reduction in EBITDA from RM266.7 million to RM235.3 million in FY2021.

The Group's income tax expense comprises the following components:

	Group		
	Financial year ended 30 June		Change %
	2021 RM	2020 RM (Restated) (Note 20)	
Current income tax ("CIT") (Note (i))	44,616,127	48,791,021	(9)
Deferred tax ("DT") (Note (ii))	(3,901,821)	(32,495,950)	(88)
Foreign and withholding tax ("FWHT") (Note (iii))	2,944,098	458,832	542
Total income tax expense	43,658,404	16,753,903	161
% of CIT over Group's Profit Before Tax	24%	24%	0%
% of DT over Group's Profit Before Tax	-2%	-16%	14%
% of CIT and DT over Group's Profit Before Tax	22%	8%	14%

- (i) CIT represents amount expected to be incurred and paid to the taxation authorities in respect of taxable income generated during the period. The effective CIT rate remains at 24% in FY2020 and FY2021.
- (ii) Deferred tax income was RM32.5 million in FY2020 as compared to RM3.9 million in FY2021 as the Group recognised deferred tax assets on tax allowance claimable on the intellectual property rights acquired in Singapore in FY2020.
- (iii) Foreign withholding tax is the tax levied on distributions from subsidiaries to the holding company.

As a consequence of these factors, the Group reported a profit after tax of RM143.1 million, a decline of 23% from RM184.7 million in FY2020.

(b) STATEMENTS OF FINANCIAL POSITION REVIEW

Intangible assets

Intangible assets of the Group increased from RM300.0 million as at 30 June 2020 to RM317.3 million as at 30 June 2021 mainly due to the capitalisation of software development expenditure incurred for the development of core and digital banking, fintech and other solutions during FY2021. The increase was partially offset by the amortisation of intangible assets for FY2021.

Interest in a joint venture

Interest in a joint venture as at 30 June 2020 represents the remaining carrying value of the 51% equity interest in Silverlake HGH Limited ("SHGH"). The liquidation of SHGH was completed in Q2 FY2021.

G. Other Information required by Listing Rule Appendix 7.2 (cont'd)

Contract assets/(liabilities)

The net contract liabilities of the Group decreased from RM60.0 million as at 30 June 2020 to RM50.2 million as at 30 June 2021. The components of contract assets and contract liabilities are presented as follows:

	Group		
	As at 30 June 2021 RM	As at 30 June 2020 RM	Change %
Contract assets			
Amounts due from customers for contract work-in-progress (Note (i))	49,971,123	49,197,340	2
Advance maintenance costs (Note (ii))	7,280,647	6,408,766	14
Prepaid license and hardware costs	1,532,667	1,587,970	(3)
Less: Expected credit losses	(190,346)	(163,431)	16
Total contract assets recognised under current assets	58,594,091	57,030,645	3
Contract liabilities			
Amounts due to customers for contract work-in-progress (Note (i))	(16,437,686)	(24,273,613)	(32)
Advance maintenance fees (Note (ii))	(82,070,719)	(84,054,573)	(2)
Deferred revenue (Note (iii))	(10,312,396)	(8,660,776)	19
Total contract liabilities recognised under current liabilities	(108,820,801)	(116,988,962)	(7)
Net contract liabilities	(50,226,710)	(59,958,317)	(16)

- (i) The amounts due from/(to) customers for contract work-in-progress represent timing differences between revenue recognition on contract and billing to customers. Revenue recognition on contract is based on percentage of completion method, while billings to customers are in accordance with contracted payment milestones.

The net amount due from customers for contract work-in-progress as at 30 June 2021 was RM33.5 million as compared with RM24.9 million as at 30 June 2020 and this was mainly due to the timing of billings and revenue recognition for current contracts.

- (ii) Advance maintenance costs/fees represent maintenance fees billed in advance, for which costs/revenue will be recognised over the contractual period, typically twelve months. The net decrease in advance maintenance fees from RM77.6 million as at 30 June 2020 to RM74.8 million as at 30 June 2021 was mainly due to the recognition of maintenance revenue following the performance of services in FY2021, partially offset with additional maintenance billings raised for new contracts secured in Q4 FY2021.
- (iii) Deferred revenue increased from RM8.7 million as at 30 June 2020 to RM10.3 million as at 30 June 2021. A portion of the advance maintenance fees billed for new contracts as explained in Note (ii) above were reallocated to the free man-days contracted in accordance with IFRS 15 Revenue from Contracts with Customers. The unutilised free man-days as at the reporting date are recognised as deferred revenue and will be recognised as revenue when they are either utilised, exercised, expired or lapsed over the contractual period.

Amounts due from/(to) related parties

The amounts due from/(to) related parties are transactions between the Group and Interested Persons ("Silverlake Entities") under the approved General Mandate for Interested Person Transactions and the Ancillary Transactions Mandate (collectively "Mandates"). These amounts fluctuate from quarter to quarter mainly due to the timing of billings and payments received.

Financial assets at fair value through other comprehensive income - quoted equity shares

This financial asset represents the Group's retained equity interest in Global InfoTech Co. Ltd. ("GIT") which has been remeasured at fair value. The fair value is derived based on Level 1 valuation input under the fair value hierarchy.

The decrease in investment in quoted equity shares from RM310.2 million as at 30 June 2020 to RM288.2 million as at 30 June 2021 was due to the revaluation of the 37.1 million GIT shares held at each reporting date in accordance with IFRS 9 Financial Instruments. The RM11.9 million unrealised fair value loss from remeasurement of shares was recognised in Other Comprehensive Income for the financial year ended 30 June 2021.

Cash and bank balances

Cash and bank balances of the Group decreased from RM496.7 million as at 30 June 2020 to RM417.1 million as at 30 June 2021 mainly due to:

- (i) cash outflow from financing activities of RM121.5 million, RM25.8 million, RM20.4 million and RM10.8 million for net repayment of revolving credit, payment of dividend to shareholders, share buy back and payment of lease liabilities respectively; and
- (ii) cash outflow from investing activities of RM57.4 million representing 20% earn-out consideration ("EOC") by way of cash payment for the acquisition of SISG Group and RM39.4 million for software development expenditures.

The decrease was offset by cash inflow from operating activities during the year of RM196.9 million.

G. Other Information required by Listing Rule Appendix 7.2 (cont'd)

Total current and non-current loans and borrowings

The Group's loans and borrowings decreased from RM150.9 million as at 30 June 2020 to RM26.2 million as at 30 June 2021 following the full repayment of revolving credit in FY2021. The revolving credit facility has been cancelled subsequent to the financial year end on 21 July 2021.

Deferred tax

The Group recorded net deferred tax assets of RM10.0 million as at 30 June 2021 as compared to RM4.5 million as at 30 June 2020 mainly due to the recognition of unused tax losses carried forward from a subsidiary in FY2021.

Trade and other payables

Trade and other payables of the Group amounted to RM76.9 million as at 30 June 2021 as compared to RM358.5 million as at 30 June 2020 mainly due to the settlement of the EOC for the acquisition of SISG Group on 31 March 2021.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

We are cautiously optimistic in terms of the outlook of the market. The markets we operate in are still facing COVID-19 issues and while the economies of these markets are opening up gradually, we will continue to monitor any impact this will bring to our business. Despite the pandemic continuing to impact economies in the key markets we serve in, we are beginning to close more deals and see increased enquiries in our range of solutions and capabilities for the financial services market sector.

FY2021 is a year where our customers continue to delay IT project spend, particularly in larger ticket sized transformation deals. However, we are seeing that is changing particularly in Q4 of our financial year. While FY2021 total revenue declined compared to the prior year, Q4 FY2021 revenue increased by 13% and we believe this trend will continue in the new financial year.

What we are seeing in this digital age, the customers are beginning to make IT investment decisions despite the ongoing pandemic.

We signed a significant MÖBIUS deal in Thailand during the Q4 of FY2021. We remain optimistic of more deal closures in the subsequent quarters for our range of banking solutions, including MÖBIUS.

Our customers continue to entrust us with maintaining, supporting and providing them the long-term path to core modernisation and greater positioning for the new digital age.

The industry continues to evolve, the pace of change has accelerated due to the pandemic as banks grapple with complex, monolithic and inflexible systems that have failed to provide business insights and failed to deliver superior customer experience. The costs of maintaining these legacy systems continue to rise and so does the operational risk which is a cause of concern for many regulators and is being monitored closely by them. These industry dynamics form the basis of our value proposition and strategy as we continue to partner with our customers in their transformation.

1. The industry has started to budget and plan for an expansionary future, a new normal with the virus being a part of the landscape for the foreseeable future. We have observed that large deals that were deferred are now brought to discussion and negotiation. We continue to focus on our customers' requirements, providing them with the right solution and staying on message to promote digital adoption and transformation. In the market we have engaged with Gartner, Forrester and IDC and we continue to engage them to validate our solutions, products and value proposition.
2. Protecting our existing franchise and ensuring the recurring revenue segments continue to grow has remained a key pillar of our strategy and during the year, this recurring segment has grown 3% in challenging circumstances and now accounts for 81% of our total revenue. Constant engagement with customers to ensure their future requirements are catered for and scheduled as an ongoing activity.
3. Our product strategy has demonstrated some early success with the booking of our first DSP Digital upgrade contract and we have also secured our first MÖBIUS deal with a large and prestigious bank in Thailand. In addition to this, the prospects for both SIBS and MÖBIUS remain strong with a robust pipeline of deals. We remain confident that we have the right product roadmap for our customers and they will continue to remain and do business with us. We offer compelling strategies and value propositions to help our customers navigate through this crisis and become stronger. Our product innovation roadmap continues to yield success as we innovate and spend 4% of revenue on research and development ("R&D"). We have a dedicated center of excellence ("COE") for product and we are able to track and deliver and deploy these solutions maintaining our 100% implementation track record.
4. In the insurance sector, our Fermion initiative is being repositioned and refreshed with the hiring of new senior leadership and a new strategy that will diversify us away from dependence on a single product line. There has been modest growth in the e-policy business and encouraging growth in the analytics and AI suite we offer ("TrueSight"). We continue to look at adjacent products such as Bancassurance as a new growth area.

G. Other Information required by Listing Rule Appendix 7.2 (cont'd)

5. We have substantially completed the restructuring of our Latvian acquisition, XIT Group and their core expertise in digital identity and government ID projects have been much sought after by large European integrators and intermediaries. We have secured 2 deals in this financial year that are being implemented and the prospects in this sector remain encouraging.
6. The retail segment which had a few key accounts with large retailers was heavily impacted but we have pivoted to a cloud and SaaS model that has been well received by their customers. In Malaysia, we signed the largest prescription pharmacy chain to the SaaS model.
7. Execution remains our focus and we are largely tracking to plan, we continue to refine and pivot where necessary and we have seen good results in product and sales / marketing efficiency, collaboration and synergies. We remain deeply customer focused and we are able to offer them a number of solutions. Internally, we have driven a culture of governance and risk awareness and mitigation, we have a project to modernise and streamline our financial and management reporting. Our people remain our most valuable asset and we have invested in training and people strategy programs to ensure effective resource allocation and continuity as we execute projects and product innovation. Holistic compensation programs have been implemented to get the right mix of short and long-term alignment.
8. During the year, our governance ranking as measured by National University of Singapore saw us climb to 26th position from 111th a year earlier. We received 2 awards from the Edge Singapore for Most Profitable Company and Best in Sector Award for Software & IT Services; Technology Equipment sector in Billion Dollar Club (BDC) 2021. We also received The Asset Triple A Awards 2021 (Treasury, Trade, SSC and Risk management Awards) for "Best Liquidity and Investment Solution" in Information Technology sector and Best CFO of the year.

6. If a decision regarding dividend has been made:

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	Final
Dividend Type	Cash
Dividend Rate	Singapore 0.52 cents per ordinary share
Par Value of Shares	USD0.02
Tax Rate	Tax exempt 1-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	First Interim	Second Interim	Final
Dividend Type	Cash	Cash	Cash
Dividend Rate	Singapore 0.30 cents per ordinary share	Singapore 0.30 cents per ordinary share	Singapore 0.33 cents per ordinary share
Par Value of Shares	USD0.02	USD0.02	USD0.02
Tax Rate	Tax exempt 1-tier	Tax exempt 1-tier	Tax exempt 1-tier

Total dividends declared for FY2021 amounted to Singapore 0.52 cents compared with Singapore 0.93 cents declared for FY2020.

(c) Date payable

The Directors have proposed a tax exempt (one tier) final dividend of Singapore 0.52 cents per ordinary share. The final dividend, if approved by the shareholders at the forthcoming Annual General Meeting of the Company, will be payable on 17 November 2021.

(d) Books closure date

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 9 November 2021 for the purpose of determining shareholders' entitlements to the proposed final dividend. Duly completed transfers received by the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m., on 8 November 2021 will be registered before entitlements to the dividend are determined.

Shareholders (being depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 8 November 2021 will be entitled to the proposed final dividend.

7. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

G. Other Information required by Listing Rule Appendix 7.2 (cont'd)

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

8. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section G.3 above.

9. A breakdown of the total annual dividend for the issuer's latest full year and its previous full year.

	Latest Full Year	Previous Full Year
	RM	RM
Ordinary		
First interim dividend paid by the Company	-	24,208,749
Second interim dividend paid by the Company	-	23,754,092
Final dividend*	42,933,805	25,840,294
Total	42,933,805	73,803,135

* This proposed final dividend in relation to financial year ended 30 June 2021 is subject to approval by shareholders at the forthcoming Annual General Meeting. The dividend payable is computed based on the exchange rate of SGD equivalent to RM3.0855 as at 30 June 2021. The total amount to be paid to shareholders in relation to the proposed final dividend amounting to SGD13,914,699.

10. Recurrent Interested Person Transactions of A Revenue or Trading Nature

The aggregate value of recurrent Interested Person Transactions ("IPT") of revenue or trading nature conducted during the financial year ended 30 June 2021 by the Group in accordance with the shareholders' mandates were as follow:

	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)
Interested Person(s) ⁽¹⁾	1-7-20 to 30-6-21	1-7-20 to 30-6-21
	RM	RM
Associates of Mr. Goh Peng Ooi ("Silverlake Entities")		
- IPT Mandate ⁽²⁾		
Revenue from Silverlake Entities	-	50,092,487
Service fees to Silverlake Entities	-	(5,810,365)
- Non-Mandate Transactions ⁽³⁾		
Revenue from Silverlake Entities	174,704	-
Service fees to Silverlake Entities	(609,071)	-

⁽¹⁾ The interested persons are associates of Mr. Goh Peng Ooi (i.e., companies in which he and his immediate family together, directly or indirectly, have an interest of 30% or more), who is the Group Executive Chairman and controlling shareholder of the Company.

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

⁽³⁾ The Non-Mandate Transactions were mainly derived from provision of maintenance services by Silverlake Holdings Sdn. Bhd. to Silverlake Entities; project services performed by SISG Group to Silverlake Entities; and maintenance services contracted between SISG Group and Silverlake Entities before the completion of acquisition of SISG Group in FY2018.

G. Other Information required by Listing Rule Appendix 7.2 (cont'd)

11. Ageing for amounts owing from related parties

The ageing for amounts owing from related parties as at 30 June 2021 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
<u>Transactions conducted under the IPT Mandate:</u> - Silverlake Entities ⁽¹⁾	7,749,009	5,553,464	1,781,655	218,560	195,330	-
<u>Non-Mandate Transactions</u> Silverlake Entities	212,518	212,518	-	-	-	-
<u>Non-Trade Transactions</u> Silverlake Entities	73,530	72,593	-	937	-	-
Grand Total	8,035,057	5,838,575	1,781,655	219,497	195,330	-

(Note 2) (Note 2)

⁽¹⁾ The Audit and Risk Committee confirms that collections from the Silverlake Entities were within the mandated terms.

⁽²⁾ As at 26 August 2021, the amounts due from Silverlake Entities between 61 - 180 days have been fully collected.

12. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13)

Pursuant to Rule 704(13) of the Listing Manual, Silverlake Axis Ltd ("the Company") confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company, except as stated below:

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Goh Shiou Ling	34	Daughter of Mr. Goh Peng Ooi	Executive Director (with effect from 1 April 2018)	Not applicable

13. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

ANDREW TAN TEIK WEI
Group Managing Director

26 August 2021