



SILVERLAKE AXIS LTD.
(Company Registration No. 202133173M)
(Registered in Singapore)

Condensed Consolidated Financial Statements for the six months and full year ended 30 June 2023

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A. Condensed Consolidated Income Statement

	Note	Group					
		6 months ended 30 June			12 months ended 30 June		
		2023 RM	2022 RM	Change %	2023 RM	2022 RM	Change %
Revenue	4	373,638,311	378,019,174	(1)	765,915,225	736,541,682	4
Cost of sales		(152,020,461)	(175,873,692)	(14)	(314,903,304)	(317,927,616)	(1)
Gross profit		221,617,850	202,145,482	10	451,011,921	418,614,066	8
Other items of income							
Finance income		7,263,337	1,669,311	335	11,746,754	3,079,286	281
Other income		1,421,645	9,637,855	(85)	3,383,782	11,324,242	(70)
Other items of expenses							
Selling and distribution costs		(27,263,008)	(24,325,089)	12	(50,258,324)	(42,094,581)	19
Administrative expenses		(96,163,325)	(87,137,228)	10	(177,016,356)	(156,266,148)	13
Finance costs		(4,569,512)	(1,259,882)	263	(8,351,752)	(2,799,252)	198
Share of loss of an associate		(610,989)	-	N/M	(954,267)	-	N/M
Profit before tax	5	101,695,998	100,730,449	1	229,561,758	231,857,613	(1)
Income tax expense	6	(31,131,830)	(12,779,144)	144	(59,282,715)	(49,154,128)	21
Profit for the period/year		70,564,168	87,951,305	(20)	170,279,043	182,703,485	(7)
Profit for the period/year attributable to:							
Owners of the parent		70,273,008	87,405,395	(20)	169,591,931	182,152,841	(7)
Non-controlling interests		291,160	545,910	(47)	687,112	550,644	25
		70,564,168	87,951,305	(20)	170,279,043	182,703,485	(7)
Earnings per share attributable to the owners of the parent:							
- Basic (sen)	7	2.80	3.29	(15)	6.76	6.85	(1)
- Diluted (sen)	7	2.80	3.29	(15)	6.76	6.85	(1)

B. Condensed Consolidated Statement of Comprehensive Income

	Group					
	6 months ended 30 June			12 months ended 30 June		
	2023 RM	2022 RM	Change %	2023 RM	2022 RM	Change %
Profit for the period/year	70,564,168	87,951,305	(20)	170,279,043	182,703,485	(7)
Other comprehensive income/(loss):						
Items that may be reclassified to profit or loss in subsequent periods:						
- Foreign currency translation gain	36,413,001	22,308,660	63	45,829,596	17,522,000	162
	36,413,001	22,308,660	63	45,829,596	17,522,000	162
Items that will not be reclassified to profit or loss in the subsequent periods:						
- Fair value gain/(loss) on financial assets - quoted equity shares	42,382,780	(97,501,900)	(143)	16,994,912	(91,480,413)	(119)
- Deferred tax relating to fair value (gain)/loss on financial assets - quoted equity shares	(4,170,178)	9,796,381	(143)	(1,650,306)	9,228,521	(118)
- Actuarial (loss)/gain on defined benefit plans	(272,070)	924,969	(129)	(272,070)	924,969	(129)
- Deferred tax relating to actuarial loss/(gain) on defined benefit plans	8,943	(174,877)	(105)	70,790	(251,728)	(128)
	37,949,475	(86,955,427)	(144)	15,143,326	(81,578,651)	(119)
Other comprehensive income/(loss) for the period/year, net of tax	74,362,476	(64,646,767)	(215)	60,972,922	(64,056,651)	(195)
Total comprehensive income for the period/year	144,926,644	23,304,538	522	231,251,965	118,646,834	95
Total comprehensive income for the period/year attributable to:						
Owners of the parent	144,635,484	22,758,628	536	230,564,853	118,096,190	95
Non-controlling interests	291,160	545,910	(47)	687,112	550,644	25
	144,926,644	23,304,538	522	231,251,965	118,646,834	95

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C. Condensed Statements of Financial Position

	Note	Group		Company	
		30 June 2023 RM	30 June 2022 RM	30 June 2023 RM	30 June 2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment		11,713,163	10,175,801	29,648	35,039
Right-of-use assets		26,703,864	25,624,070	-	-
Intangible assets	8	409,304,299	342,151,697	-	-
Investments in subsidiaries	9	-	-	2,259,360,871	2,111,538,501
Investment in an associate	10	5,650,767	6,118,674	-	-
Financial assets at fair value through other comprehensive income - quoted equity shares		2,800,000	1,645,000	-	-
Amount due from a subsidiary		-	-	145,607,986	152,665,519
Derivative asset	11	2,586	1,137,060	-	-
Deferred tax assets		49,984,324	58,187,085	-	-
		506,159,003	445,039,387	2,404,998,505	2,264,239,059
Current assets					
Inventories		399,155	432,012	-	-
Trade and other receivables	12	185,797,367	127,643,736	156,811	46,718
Contract assets	13	154,441,619	73,929,019	-	-
Prepayments		4,000,523	3,293,945	42,518	91,760
Dividend receivable		-	-	41,262,000	-
Amounts due from subsidiaries		-	-	93,954	64,981
Amounts due from related parties		7,747,946	16,892,738	-	-
Loans to subsidiaries		-	-	4,865,478	-
Tax recoverable		6,433,217	5,897,617	-	-
Financial assets at fair value through other comprehensive income - quoted equity shares		236,434,408	206,250,863	-	-
Financial assets at fair value through profit or loss - money market fund		27,544,302	54,659,549	-	-
Cash and bank balances		504,249,343	558,056,893	120,155,839	182,344,511
		1,127,047,880	1,047,056,372	166,576,600	182,547,970
Total assets		1,633,206,883	1,492,095,759	2,571,575,105	2,446,787,029
EQUITY AND LIABILITIES					
Equity					
Share capital	15(a)	1,845,200,087	1,845,200,087	1,845,200,087	1,845,200,087
Treasury shares	15(d)	(196,600,677)	(197,775,703)	(196,600,677)	(197,775,703)
Other reserves	16	(1,967,926)	(63,103,242)	265,644,529	67,357,946
Merger deficit	17	(1,943,942,990)	(1,943,942,990)	-	-
Retained profits		1,433,502,822	1,321,682,810	498,095,391	549,240,210
Equity attributable to owners of the parent		1,136,191,316	962,060,962	2,412,339,330	2,264,022,540
Non-controlling interests		13,804,652	13,117,540	-	-
Total equity		1,149,995,968	975,178,502	2,412,339,330	2,264,022,540

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

	Note	Group		Company	
		30 June 2023 RM	30 June 2022 RM	30 June 2023 RM	30 June 2022 RM
EQUITY AND LIABILITIES (cont'd)					
Non-current liabilities					
Loans and borrowings	18	171,950,644	193,327,688	152,731,692	175,341,516
Deferred tax liabilities		44,130,441	41,667,392	-	-
Provision for defined benefit liabilities		13,763,331	12,346,780	-	-
		229,844,416	247,341,860	152,731,692	175,341,516
Current liabilities					
Trade and other payables		112,308,808	116,992,544	3,560,926	3,344,044
Contract liabilities	13	112,978,637	131,158,374	-	-
Loans and borrowings	18	7,561,360	7,594,070	-	-
Provision for defined benefit liabilities		-	80,330	-	-
Amounts due to subsidiaries		-	-	2,548,370	4,069,033
Amounts due to related parties		873,424	394,274	-	-
Tax payable		19,644,270	13,355,805	394,787	9,896
		253,366,499	269,575,397	6,504,083	7,422,973
Total liabilities		483,210,915	516,917,257	159,235,775	182,764,489
Net current assets		873,681,381	777,480,975	160,072,517	175,124,997
Total equity and liabilities		1,633,206,883	1,492,095,759	2,571,575,105	2,446,787,029

D. Condensed Statements of Changes in Equity

		Attributable to owners of the parent								
		<----- Non-distributable ----->								
Group	Note	Share capital (Note 15(a)) RM	Share premium (Note 15(b)) RM	Treasury shares (Note 15(d)) RM	Other reserves (Note 16) RM	Merger deficit (Note 17) RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
2023										
At 1 July 2022		1,845,200,087	-	(197,775,703)	(63,103,242)	(1,943,942,990)	1,321,682,810	962,060,962	13,117,540	975,178,502
Profit for the year		-	-	-	-	-	169,591,931	169,591,931	687,112	170,279,043
Other comprehensive income/(loss) for the year		-	-	-	61,174,202	-	(201,280)	60,972,922	-	60,972,922
Total comprehensive income for the year		-	-	-	61,174,202	-	169,390,651	230,564,853	687,112	231,251,965
<u>Transactions with owners</u>										
Purchase of treasury shares	15(d)	-	-	(5,377,265)	-	-	-	(5,377,265)	-	(5,377,265)
Grant of shares under Performance Share Plan	15(e)	-	-	-	6,513,405	-	-	6,513,405	-	6,513,405
Release of shares under Performance Share Plan	15(d)	-	-	6,552,291	(6,552,291)	-	-	-	-	-
Dividends on ordinary shares	19	-	-	-	-	-	(57,570,639)	(57,570,639)	-	(57,570,639)
Total transactions with owners in their capacity as owners		-	-	1,175,026	(38,886)	-	(57,570,639)	(56,434,499)	-	(56,434,499)
At 30 June 2023		1,845,200,087	-	(196,600,677)	(1,967,926)	(1,943,942,990)	1,433,502,822	1,136,191,316	13,804,652	1,149,995,968

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

		Attributable to owners of the parent								
		<----- Non-distributable ----->								
Group	Note	Share capital (Note 15(a)) RM	Share premium (Note 15(b)) RM	Treasury shares (Note 15(d)) RM	Other reserves (Note 16) RM	Merger deficit (Note 17) RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
2022										
At 1 July 2021		191,040,654	186,497,272	(25,769,645)	2,055,419	(476,280,829)	1,176,873,429	1,054,416,300	52,188	1,054,468,488
Profit for the year		-	-	-	-	-	182,152,841	182,152,841	550,644	182,703,485
Other comprehensive (loss)/income for the year		-	-	-	(64,729,892)	-	673,241	(64,056,651)	-	(64,056,651)
Total comprehensive (loss)/income for the year		-	-	-	(64,729,892)	-	182,826,082	118,096,190	550,644	118,646,834
<u>Transactions with owners</u>										
Purchase of treasury shares	15(d)	-	-	(178,574,019)	-	-	-	(178,574,019)	-	(178,574,019)
Reclassification of share premium upon re-domiciliation - transition to no par value concept *	15(a),(b)	1,654,159,433	(1,654,159,433)	-	-	-	-	-	-	-
Reclassification of share premium upon re-domiciliation - set off against merger deficit for business combinations involving entities under common control **	15(b),17	-	1,467,662,161	-	-	(1,467,662,161)	-	-	-	-
Grant of shares under Performance Share Plan	15(e)	-	-	-	6,139,192	-	-	6,139,192	-	6,139,192
Release of shares under Performance Share Plan	15(d)	-	-	6,567,961	(6,567,961)	-	-	-	-	-
Gain on deemed disposal of 20% equity interest in a subsidiary without loss of control		-	-	-	-	-	4,926,844	4,926,844	12,514,708	17,441,552
Dividends on ordinary shares	19	-	-	-	-	-	(42,943,545)	(42,943,545)	-	(42,943,545)
Total transactions with owners in their capacity as owners		1,654,159,433	(186,497,272)	(172,006,058)	(428,769)	(1,467,662,161)	(38,016,701)	(210,451,528)	12,514,708	(197,936,820)
At 30 June 2022		1,845,200,087	-	(197,775,703)	(63,103,242)	(1,943,942,990)	1,321,682,810	962,060,962	13,117,540	975,178,502

* Pursuant to Singapore Companies Act 1967 Sections 62A and 62B, there is no par value concept ("No Par Value Concept") after 30 January 2006. Accordingly, the Company reclassified the amount in "share premium" to "share capital" after the re-domiciliation of the Company from Bermuda to Singapore. Any future share issuance shall be credited in full to "share capital" in the statement of financial position of the Company.

** Pursuant to Section 40(1) of Bermuda Companies Act 1981, the share premium from the reissuance of treasury shares for the acquisition of subsidiaries accounted for using the pooling of interest method ("Acquisition Share Premium") can be set off against the merger deficit arising from the acquisition. Following the re-domiciliation of the Company from Bermuda to Singapore, the Company applied No Par Value Concept in accordance with Singapore Companies Act 1967 and the set off of Acquisition Share Premium against the merger deficit had been reversed.

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

		Attributable to owners of the parent					
Company	Note	Non-distributable					Total equity RM
		Share capital (Note 15(a)) RM	Share premium (Note 15(b)) RM	Treasury shares (Note 15(d)) RM	Other reserves (Note 16) RM	Distributable retained profits RM	
2023							
At 1 July 2022		1,845,200,087	-	(197,775,703)	67,357,946	549,240,210	2,264,022,540
Profit for the year		-	-	-	-	6,425,820	6,425,820
Other comprehensive income for the year		-	-	-	198,325,469	-	198,325,469
Total comprehensive income for the year		-	-	-	198,325,469	6,425,820	204,751,289
<u>Transactions with owners</u>							
Purchase of treasury shares	15(d)	-	-	(5,377,265)	-	-	(5,377,265)
Grant of shares under Performance Share Plan	15(e)	-	-	-	6,513,405	-	6,513,405
Release of shares under Performance Share Plan	15(d)	-	-	6,552,291	(6,552,291)	-	-
Dividends on ordinary shares	19	-	-	-	-	(57,570,639)	(57,570,639)
Total transactions with owners in their capacity as owners		-	-	1,175,026	(38,886)	(57,570,639)	(56,434,499)
At 30 June 2023		1,845,200,087	-	(196,600,677)	265,644,529	498,095,391	2,412,339,330
2022							
At 1 July 2021		191,040,654	1,654,159,433	(25,769,645)	12,090,091	532,259,060	2,363,779,593
Profit for the year		-	-	-	-	59,924,695	59,924,695
Other comprehensive income for the year		-	-	-	55,696,624	-	55,696,624
Total comprehensive income for the year		-	-	-	55,696,624	59,924,695	115,621,319
<u>Transactions with owners</u>							
Purchase of treasury shares	15(d)	-	-	(178,574,019)	-	-	(178,574,019)
Reclassification of share premium upon re-domiciliation - transition to no par value concept *	15(a),(b)	1,654,159,433	(1,654,159,433)	-	-	-	-
Grant of shares under Performance Share Plan	15(e)	-	-	-	6,139,192	-	6,139,192
Release of shares under Performance Share Plan	15(d)	-	-	6,567,961	(6,567,961)	-	-
Dividends on ordinary shares	19	-	-	-	-	(42,943,545)	(42,943,545)
Total transactions with owners in their capacity as owners		1,654,159,433	(1,654,159,433)	(172,006,058)	(428,769)	(42,943,545)	(215,378,372)
At 30 June 2022		1,845,200,087	-	(197,775,703)	67,357,946	549,240,210	2,264,022,540

* Pursuant to Singapore Companies Act 1967 Sections 62A and 62B, there is no par value concept ("No Par Value Concept") after 30 January 2006. Accordingly, the Company reclassified the amount in "share premium" to "share capital" after the re-domiciliation of the Company from Bermuda to Singapore. Any future share issuance shall be credited in full to "share capital" in the statement of financial position of the Company.

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E. Condensed Consolidated Statement of Cash Flows

	Note	Group	
		12 months ended 30 June	
		2023 RM	2022 RM
Operating activities:			
Profit before tax		229,561,758	231,857,613
Adjustments for:			
Amortisation of intangible assets	5	27,253,208	23,725,260
Depreciation of property, plant and equipment		3,597,195	3,762,328
Depreciation of right-of-use assets		8,549,998	9,221,862
Write off of property, plant and equipment		28,943	38,120
Net loss on disposal of property, plant and equipment		38,647	-
Gain on disposal of right-of-use assets		(103,490)	(753)
Net gain on lease modifications		(173,984)	(59,475)
Derecognition of derivative asset upon expiry of call option		-	756,928
Bad debts written off		73,007	739,923
Expected credit losses on trade receivables		1,948,852	131,816
Expected credit losses on contract assets		-	376,688
Reversal of expected credit losses on trade receivables		(289,315)	(1,301,330)
Reversal of expected credit losses on contract assets		(150,383)	-
Reversal of provision for foreseeable losses		(508,068)	-
Dividend income from financial assets - quoted equity shares		(63,000)	-
(Gain)/Loss on redemption of financial assets - money market fund		(861,177)	324,707
Net unrealised foreign currency exchange loss/(gain)		3,231,581	(4,198,123)
Fair value adjustment on subsequent measurement of put liability		-	(1,461,018)
Loss/(Gain) on derivative asset at fair value through profit or loss		1,176,968	(1,117,620)
Performance shares issued		6,595,272	6,022,312
Waiver of debts		(108,112)	(7,646)
Allowance for unutilised leave		1,853,268	763,716
Defined benefit liabilities		590,497	1,846,619
Share of loss of an associate		954,267	-
Finance costs		8,351,752	2,799,252
Finance income		(11,746,754)	(3,079,286)
Total adjustments		50,239,172	39,284,280
Operating cash flows before changes in working capital		279,800,930	271,141,893
Changes in working capital:			
Inventories		21,124	161,342
Trade and other receivables		(56,439,341)	12,130,197
Contract assets/liabilities		(95,887,698)	5,934,851
Amounts due from/to related parties, net		9,621,422	(9,822,918)
Trade and other payables		(9,764,967)	40,011,701
Total changes in working capital		(152,449,460)	48,415,173
Cash flows from operations		127,351,470	319,557,066
Net (placement)/uplift of deposits pledged		(414,937)	655,633
Defined benefits paid		(89,886)	-
Income tax paid		(46,142,514)	(48,822,497)
Interest paid		(8,086,832)	(1,094,971)
Net cash flows from operating activities		72,617,301	270,295,231

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

	Note	Group	
		12 months ended 30 June	
		2023 RM	2022 RM
Investing activities:			
Purchases of property, plant and equipment		(5,121,089)	(2,035,389)
Purchases of right-of-use assets		(46,401)	-
Payments for software development expenditure		(78,110,516)	(47,463,065)
Payments for other intangible assets		(2,131,855)	(2,623,196)
Proceeds from disposal of property, plant and equipment		152,191	507
Proceeds from disposal of right-of-use assets		275,314	10,387
Proceeds from redemption of financial assets - money market fund		27,976,424	1,131,097
Investment in an associate		-	(6,014,064)
Purchases of financial assets - money market fund		-	(28,449,410)
Purchases of financial assets - quoted equity shares		-	(735,000)
Interest received		11,209,177	3,037,647
Dividend income from financial assets - quoted equity shares		63,000	-
Net cash flows used in investing activities		(45,733,755)	(83,140,486)
Financing activities:			
Dividends paid	19	(57,570,639)	(42,943,545)
Purchase of treasury shares		(5,377,265)	(178,574,019)
Proceeds from revolving credit		-	173,852,000
Repayment of term loan and revolving credit		(36,582,936)	(246,598)
Payment of upfront fee for revolving credit		-	(1,508,250)
Payment of principal portion of lease liabilities		(8,265,745)	(9,497,123)
Net cash flows used in financing activities		(107,796,585)	(58,917,535)
Net (decrease)/increase in cash and cash equivalents		(80,913,039)	128,237,210
Effects of exchange rate changes on cash and cash equivalents		26,687,864	13,356,431
Cash and cash equivalents at beginning of the year		548,934,776	407,341,135
Cash and cash equivalents at end of the year		494,709,601	548,934,776

	Group	
	12 months ended 30 June	
	2023 RM	2022 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	504,249,343	558,056,893
Less: Pledged deposits	(9,539,742)	(9,122,117)
Cash and cash equivalents at end of the year	494,709,601	548,934,776

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F. Notes to the Condensed Consolidated Financial Statements**1. Corporate information**

Silverlake Axis Ltd. (the Company) was an exempt company with limited liability and incorporated in Bermuda. On 23 September 2021, the Company transferred its domicile from Bermuda to Singapore and it is now registered in Singapore. The holding company is Zezz FundQ Pte. Ltd. ("Zezz"), an exempt private company incorporated in Singapore.

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

The registered office of the Company is located at 80 Robinson Road, #02-00 Singapore 068898.

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 2022. There have been no significant changes in the nature of these activities during the financial year.

2. Basis of preparation

The consolidated financial statements of the Group and the statement of financial position of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") issued by Accounting Standards Council Singapore ("ASC").

The condensed financial statements for the full year ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the ASC. 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 2022.

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 2022, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed financial statements are presented in Ringgit Malaysia ("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 SFRS(I) which became effective as of 1 July 2022:

Amendments to SFRS(I) 3: Reference to the Conceptual Framework

Amendments to SFRS(I) 1-16: Property, Plant and Equipment - Proceeds Before Intended Use

Amendments to SFRS(I) 1-37: Onerous Contracts - Costs of Fulfilling a Contract

Annual Improvements to SFRS(I)s 2018 - 2020 Cycle

- Amendments to SFRS(I) 1: First-time Adoption of Singapore Financial Reporting Standards (International) - Subsidiary as A First-time Adopter
- Amendments to SFRS(I) 9: Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities
- Amendments to SFRS(I) 1-41: Agriculture - Taxation in Fair Value Measurements

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

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
SFRS(I) 17: Insurance Contracts	1 January 2023
Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023

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: (cont'd)

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-12: International Tax Reform - Pillar Two Model Rules	1 January 2023 or immediately
Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to SFRS(I) 17: Initial Application of SFRS(I) 17 and SFRS(I) 9 - Comparative Information	1 January 2023
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intends to adopt these standards when they become effective. The directors of the Company do not anticipate that the application of these standards will have a significant impact on 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 SFRS(I) 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 2022.

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 (professional services)

The Group uses the input method in measuring progress towards complete satisfaction of software project services (professional services) in accounting for its contract revenue for rendering of software project services (professional services) where it is probable that contract costs are recoverable. The progress towards complete satisfaction of software project services (professional 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 (professional 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.

(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 2022. 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.

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)

(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 further impairment loss on goodwill has been recognised in 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 30 June 2023 is disclosed in Note 9.

(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 as at 30 June 2023 are disclosed in Note 12 and Note 13 respectively.

(f) 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.

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F. Notes to the Condensed Consolidated Financial Statements (cont'd)**4. Revenue**

	Group					
	6 months ended 30 June			12 months ended 30 June		
	2023 RM	2022 RM	Change %	2023 RM	2022 RM	Change %
Sale of goods or rendering of services						
Software licensing	17,917,670	43,875,476	(59)	73,913,899	84,151,905	(12)
Software project services (professional services)	61,074,173	49,029,825	25	102,014,974	90,947,063	12
Maintenance and enhancement services	263,323,622	246,932,018	7	513,111,353	499,140,446	3
Sale of software and hardware products	3,348,616	14,923,173	(78)	20,630,038	20,841,268	(1)
Insurance ecosystem transactions and services	25,920,864	21,863,910	19	52,260,628	39,357,041	33
Retail transactions processing	2,053,366	1,394,772	47	3,984,333	2,103,959	89
Total revenue from contracts with customers	373,638,311	378,019,174	(1)	765,915,225	736,541,682	4

A breakdown of revenue is presented as follows:

	Group		
	Financial year ended		
	2023 RM	2022 RM	Change %
Revenue reported for the first half of the financial year	392,276,914	358,522,508	9
Operating profit after tax before deducting non-controlling interests reported for the first half of the financial year	99,714,875	94,752,180	5
Revenue reported for the second half of the financial year	373,638,311	378,019,174	(1)
Operating profit after tax before deducting non-controlling interests reported for the second half of the financial year	70,564,168	87,951,305	(20)

5. Profit before tax

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

	Group					
	6 months ended 30 June			12 months ended 30 June		
	2023 RM	2022 RM	Change %	2023 RM	2022 RM	Change %
Amortisation of intangible assets	(13,880,630)	(11,927,346)	16	(27,253,208)	(23,725,260)	15
Depreciation of property, plant and equipment	(1,818,791)	(1,959,839)	(7)	(3,597,195)	(3,762,328)	(4)
Depreciation of right-of-use assets	(4,394,469)	(4,544,036)	(3)	(8,549,998)	(9,221,862)	(7)
Write off of property, plant and equipment	(28,943)	(37,661)	(23)	(28,943)	(38,120)	(24)
Net gain/(loss) on disposal of property, plant and equipment	597	-	N/M	(38,647)	-	N/M
Gain on disposal of right-of-use assets	103,490	754	13625	103,490	753	13644
Net gain on lease modifications	66,828	59,475	12	173,984	59,475	193
Derecognition of derivative asset upon expiry of call option*	-	(756,928)	(100)	-	(756,928)	(100)
Bad debts written off*	(69,557)	(718,777)	(90)	(73,007)	(739,923)	(90)
Expected credit losses on trade receivables*	(1,948,852)	(131,816)	1378	(1,948,852)	(131,816)	1378
Expected credit losses on contract assets*	-	(376,688)	(100)	-	(376,688)	(100)
Reversal of expected credit losses on trade receivables**	141,587	1,277,727	(89)	289,315	1,301,330	(78)
Reversal of expected credit losses on contract assets**	150,383	-	N/M	150,383	-	N/M
Reversal of provision for foreseeable losses	508,068	-	N/M	508,068	-	N/M

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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		
	2023 RM	2022 RM	Change %	2023 RM	2022 RM	Change %
Dividend income from financial assets						
- quoted equity shares**	21,000	-	N/M	63,000	-	N/M
Gain**/(Loss)* on redemption of financial assets - money market fund	408,147	(461,299)	(188)	861,177	(324,707)	(365)
Net foreign currency exchange gain**/(loss)*:						
- realised	2,213,781	(351,540)	(730)	(1,179,717)	(1,402,625)	(16)
- unrealised	(2,814,303)	3,977,436	(171)	(3,231,581)	4,198,123	(177)
Fair value adjustment on subsequent measurement of put liability	-	1,461,018	(100)	-	1,461,018	(100)
(Loss)*/Gain** on derivative asset at fair value through profit or loss	(1,176,968)	1,117,620	(205)	(1,176,968)	1,117,620	(205)
Performance shares issued	-	(845,211)	(100)	(6,595,272)	(6,022,312)	10
Waiver of debts**	108,112	7,646	1314	108,112	7,646	1314
Allowance for unutilised leave	(4,785,999)	(3,394,126)	41	(1,853,268)	(763,716)	143
Adjustments for (under)/over provision of tax in respect of prior years	(1,021,421)	(440,375)	132	(478,606)	4,925	(9818)

* Included in other operating expenses

** Included in other operating income

N/M = Not Meaningful

6. Income tax expense

	Group					
	6 months ended 30 June			12 months ended 30 June		
	2023 RM	2022 RM	Change %	2023 RM	2022 RM	Change %
Current income tax	28,558,372	20,101,490	42	51,242,597	43,777,500	17
Deferred tax	2,573,458	(7,577,025)	(134)	8,040,118	2,646,499	204
Foreign and withholding tax	-	254,679	(100)	-	2,730,129	(100)
Total income tax expense	31,131,830	12,779,144	144	59,282,715	49,154,128	21

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	
	2023	2022	2023	2022
Profit net of tax attributable to owners of the parent (RM)	70,273,008	87,405,395	169,591,931	182,152,841
Weighted average number of ordinary shares for basic earnings per share computation *	2,510,047,364	2,660,008,090	2,510,047,364	2,660,008,090
Basic earnings per share (RM sen)	2.80	3.29	6.76	6.85
Weighted average number of ordinary shares for diluted earnings per share computation	2,510,047,364	2,660,008,090	2,510,047,364	2,660,008,090
Diluted earnings per share (RM sen)	2.80	3.29	6.76	6.85

* 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. Intangible assets

	Group	
	As at 30 June 2023	As at 30 June 2022
	RM	RM
Software development expenditure	226,886,173	163,581,351
Purchased software	4,515,491	3,300,215
Proprietary software	18,170,624	22,298,189
Customer relationship	7,989,123	9,868,735
Goodwill	151,742,888	143,103,207
Net carrying amount	409,304,299	342,151,697

9. Investments in subsidiaries

	Company	
	As at 30 June 2023	As at 30 June 2022
	RM	RM
Shares at cost, unquoted		
At beginning of the year	2,411,130,014	2,353,459,541
Disposal of subsidiaries	(110,847,794)	-
Contribution to subsidiaries arising from:		
- Internal restructuring	72,682,497	-
- Silverlake Axis Ltd. Performance Share Plan granted to key management personnel and contract employee (Note 15(e))	651,340	2,012,850
Currency translation differences	211,895,017	55,657,623
At end of the year	2,585,511,074	2,411,130,014
Accumulated impairment loss		
At beginning of the year	299,591,513	292,667,283
Currency translation differences	26,558,690	6,924,230
At end of the year	326,150,203	299,591,513
Net carrying amount	2,259,360,871	2,111,538,501

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F. Notes to the Condensed Consolidated Financial Statements (cont'd)**9. Investments in subsidiaries (cont'd)****Contribution to subsidiaries****(i) Internal restructuring**

During the financial year, the Company has transferred its investments in Merimen Ventures Sdn. Bhd. ("MVSB") and Cyber Village Sdn. Bhd. ("CVSB") to Fermion Pte. Ltd. ("FPL") as part of the Group's internal restructuring ("Disposal") at a consideration mutually agreed by both parties. FPL is an investment holding company incorporated to support the Group's business expansion for Fermion Insurtech ecosystem.

As a result of the Group's internal restructuring, the Company recognised a resultant loss on Disposal of RM38,157,427 in the income statement for the financial year ended 30 June 2023 and contributed RM72,682,497 in assets to FPL during the financial year. The internal restructuring which involved the transfer of subsidiaries within the Group did not have any impact to the financial performance and position of the Group.

(ii) Performance Share Plan

During the financial year, the Company contributed RM651,340 (FY2022: RM2,012,850) to subsidiaries as a result of the shares granted and released to a key management personnel (FY2022: a key management personnel and a contract employee) pursuant to the Silverlake Axis Ltd. Performance Share Plan.

Impairment testing of investments in subsidiaries

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 2% to 3% (FY2022: 2% to 3%) and discount rate ranging from 11% to 16% (FY2022: 12% to 14%), varying in accordance to country and industry, taking into consideration the nature and basis for valuation adjustments and calculations. No impairment loss recognised on investments in subsidiaries in the current and previous financial years.

10. Investment in an associate

	Group	
	As at 30 June 2023 RM	As at 30 June 2022 RM
Shares at cost, unquoted		
At beginning of the year	6,118,674	-
Addition	-	6,118,674
Share of loss for the year	(954,267)	-
Currency translation differences	486,360	-
At end of the year	<u>5,650,767</u>	<u>6,118,674</u>

On 21 January 2022, a subsidiary of the Company, Fermion Pte. Ltd. ("FPL"), entered into a share subscription and purchase agreement ("Share Subscription Agreement") with Ancileo Pte. Ltd. ("Ancileo") and original founder in relation to the subscription and acquisition of shares in the issued and paid-up capital of Ancileo, representing 38.05% equity interest in Ancileo.

On 30 June 2022, the parties entered into a Supplemental Agreement where FPL:

- (a) executed and completed the first tranche acquisition of 21.68% equity interest in Ancileo for a cash consideration of SGD1,937,209 (equivalent of RM6,118,674) ("First Tranche Acquisition"); and
- (b) was granted by the vendors a right to a call option to acquire the remaining 16.37% equity interest in Ancileo for a cash consideration of SGD2,362,984 upon satisfaction of the conditions stipulated in the Supplemental Agreement (i.e. Second Tranche Acquisition).

Following the completion of the First Tranche Acquisition on 30 June 2022, Ancileo became an associate of the Group.

Ancileo is a private company limited by shares incorporated in Singapore, which principally engaged in the provision of software technology for the insurance ecosystem, including technology solutions to enable digital partnerships between insurers and their distribution partners.

The Group's investment in an associate is accounted for using the equity method in the consolidated financial statements.

The fair value of the call option in relation to the remaining 16.37% equity interest in Ancileo is accounted for as a derivative asset as disclosed in Note 11.

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F. Notes to the Condensed Consolidated Financial Statements (cont'd)**11. Derivative asset**

	Group	
	As at 30 June 2023 RM	As at 30 June 2022 RM
Financial asset at fair value	2,586	1,137,060

This represents the fair value of call option in connection with the Second Tranche Acquisition of Ancileo Pte. Ltd. as disclosed in Note 10(b), accounted for as a derivative asset in accordance with SFRS(I) 9 Financial Instruments. The derivative asset has been remeasured at the reporting date and the change in fair value of RM1,176,968 (Note 5) has been recognised in the "Administrative expenses" line item in the consolidated income statement for the financial year ended 30 June 2023.

The derivative asset is exercisable in the financial year ending 30 June 2024.

12. Trade and other receivables

	Group		Company	
	As at 30 June 2023 RM	As at 30 June 2022 RM	As at 30 June 2023 RM	As at 30 June 2022 RM
Trade receivables				
Third parties	182,909,280	124,625,632	-	-
Less: Expected credit losses	(9,145,593)	(7,634,980)	-	-
Net trade receivables	173,763,687	116,990,652	-	-
Other receivables				
Sundry receivables	8,158,435	7,234,733	156,811	46,718
Deposits	3,875,245	3,418,351	-	-
	12,033,680	10,653,084	156,811	46,718
Total trade and other receivables	185,797,367	127,643,736	156,811	46,718

13. Contract assets/(liabilities)

	Group	
	As at 30 June 2023 RM	As at 30 June 2022 RM
Contract assets		
Amounts due from customers for contract work-in-progress	126,661,624	65,376,171
Advance maintenance costs	11,828,180	7,509,710
Prepaid license and hardware costs	16,368,588	1,610,151
	154,858,392	74,496,032
Less: Expected credit losses	(416,773)	(567,013)
Net contract assets	154,441,619	73,929,019
Contract liabilities		
Amounts due to customers for contract work-in-progress	(16,179,439)	(42,090,688)
Advance maintenance fees	(87,134,562)	(77,114,922)
Deferred revenue	(9,664,636)	(11,952,764)
	(112,978,637)	(131,158,374)

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 the timing of billing may not coincide with service rendered. 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.

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

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

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 or upon sale of licenses or expiry.

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.

14. Net asset value

	Group		Company	
	As at 30 June 2023 sen	As at 30 June 2022 sen	As at 30 June 2023 sen	As at 30 June 2022 sen
Net asset value per ordinary share *	45.23	38.32	96.04	90.19

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

15. Share capital, share premium, treasury shares and performance share plan

(a) Ordinary share capital

(i) Authorised

	Group and Company	
	Number of ordinary shares of USD0.02 each	
	As at 30 June 2023	As at 30 June 2022
At beginning of the year	-	5,000,000,000
At end of the year *	-	-

* The Company has re-domiciled from Bermuda to Singapore on 23 September 2021 and the concept of authorised share capital is no longer applicable in Singapore as it has been abolished on 30 January 2006.

(ii) Issued and fully paid

	Group and Company			
	Number of ordinary shares of USD0.02 each		Amount	
	As at 30 June 2023	As at 30 June 2022	As at 30 June 2023 RM	As at 30 June 2022 RM
At beginning of the year	2,696,472,800	2,696,472,800	1,845,200,087	191,040,654
Reclassification from share premium (Note b) *	-	-	-	1,654,159,433
At end of the year	2,696,472,800	2,696,472,800	1,845,200,087	1,845,200,087

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

* Pursuant to Singapore Companies Act 1967 Sections 62A and 62B, there is no par value concept ("No Par Value Concept") after 30 January 2006. Accordingly, the Company reclassified the amount in "share premium" to "share capital" after the re-domiciliation of the Company from Bermuda to Singapore. Any future share issuance shall be credited in full to "share capital" in the statement of financial position of the Company.

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

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

(b) Share premium

	Group		Company	
	As at 30 June 2023 RM	As at 30 June 2022 RM	As at 30 June 2023 RM	As at 30 June 2022 RM
At beginning of the year	-	186,497,272	-	1,654,159,433
Arising from:				
- Reclassification to share capital (Note a(ii))	-	(1,654,159,433)	-	(1,654,159,433)
- Reversal of set off against merger deficit (Note 17) *	-	1,467,662,161	-	-
At end of the year	-	-	-	-

* Pursuant to Section 40(1) of Bermuda Companies Act 1981, the share premium from the reissuance of treasury shares for the acquisition of subsidiaries accounted for using the pooling of interest method ("Acquisition Share Premium") can be set off against the merger deficit arising from the acquisition. Following the re-domiciliation of the Company from Bermuda to Singapore, the Company applied No Par Value Concept in accordance with Singapore Companies Act 1967 and the set off of Acquisition Share Premium against the merger deficit had been reversed.

(c) Total number of issued shares excluding treasury shares

	Group and Company	
	As at 30 June 2023	As at 30 June 2022
Total number of issued shares	2,696,472,800	2,696,472,800
Less: Treasury shares	(184,631,179)	(186,132,479)
Total number of issued shares excluding treasury shares	2,511,841,621	2,510,340,321

(d) Treasury shares

	Group and Company	
	Number of treasury shares	RM
At 1 July 2021	20,569,091	25,769,645
Purchase of treasury shares by way of:		
- Market acquisition	1,432,400	1,309,938
- Off-market acquisition on equal access scheme	170,230,988	177,264,081
Release of treasury shares pursuant to Performance Share Plan (Note e)	(6,100,000)	(6,567,961)
At 30 June 2022	186,132,479	197,775,703
At 1 July 2022	186,132,479	197,775,703
Purchase of treasury shares	4,498,700	5,377,265
Release of treasury shares pursuant to Performance Share Plan (Note e)	(6,000,000)	(6,552,291)
At 30 June 2023	184,631,179	196,600,677

Purchase of treasury shares

During the financial year, the Company purchased 4,498,700 (FY2022: 171,663,388) shares pursuant to the share purchase mandate approved by shareholders on 27 October 2022 (FY2022: 27 October 2021). These shares were acquired as follows:

- (i) 4,498,700 (FY2022: 1,432,400) shares by way of market acquisition for a total consideration of RM5,377,265 (FY2022: RM1,309,938); and
- (ii) in the previous financial year, 170,230,988 shares were acquired by way of off-market acquisition on equal access scheme* for a consideration of RM177,264,081.

* An equal access scheme is used when all shareholders are offered the buy-back, in proportion to their shareholding. Offers under the scheme can only relate to ordinary shares.

The percentage of treasury shares over total ordinary shares net of treasury shares amounts to 7.4% (FY2022: 7.4%).

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F. Notes to the Condensed Consolidated Financial Statements (cont'd)**15. Share capital, share premium, treasury shares and performance share plan (cont'd)****(e) Performance share plan ("PSP")**

	Group and Company	
	As at 30 June 2023 RM	As at 30 June 2022 RM
At beginning of the year	-	-
Grant of PSP	6,513,405	6,139,192
Release of PSP	(6,513,405)	(6,139,192)
At end of the year	-	-

On 28 February 2023, 6,000,000 (FY2022: 6,100,000) PSP shares were awarded and released from the Company's existing treasury shares to Group Managing Director and a key management personnel (FY2022: Group Managing Director, a key management personnel and a contract employee), in recognition of their services and contribution to the Group for the financial year ended 30 June 2022 (FY2022: 30 June 2021), as follows:

- (i) 5,400,000 (FY2022: 4,100,000) PSP shares were awarded and released at the market price of SGD0.335 (FY2022: SGD0.315) per share at grant date, amounted to RM5,862,065 (FY2022: RM4,126,342) to the Group Managing Director; and
- (ii) 600,000 (FY2022: 2,000,000) PSP shares were awarded and released at the market price of SGD0.335 (FY2022: SGD0.315) per share at grant date, amounted to RM651,340 (FY2022: RM2,012,850) to a key management personnel (FY2022: a key management personnel and a contract employee).

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

The deficit on reissuance of treasury shares of RM38,886 (FY2022: RM428,769) was recognised in the loss on reissuance of treasury shares reserve.

16. Other reserves

	Group		Company	
	As at 30 June 2023 RM	As at 30 June 2022 RM	As at 30 June 2023 RM	As at 30 June 2022 RM
Foreign currency translation reserve	94,381,070	48,551,474	266,112,184	67,786,715
Capital reserve	466,828	466,828	-	-
Statutory reserve	141,159	141,159	-	-
Fair value reserve of financial assets at FVOCI	(96,489,328)	(111,833,934)	-	-
Loss on reissuance of treasury shares	(467,655)	(428,769)	(467,655)	(428,769)
	(1,967,926)	(63,103,242)	265,644,529	67,357,946

These reserves are not available for dividend distribution to shareholders.

17. Merger deficit

	Group	
	As at 30 June 2023 RM	As at 30 June 2022 RM
At beginning of the year	1,943,942,990	476,280,829
Reclassification from share premium (Note 15(b))	-	1,467,662,161
At end of the year	1,943,942,990	1,943,942,990

The merger deficit represents the excess of nominal value of the shares issued by the Company over the book value of the assets and liabilities of the acquired subsidiaries, accounted for using the pooling of interest method.

The above reserve is not available for dividend distribution to shareholders.

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F. Notes to the Condensed Consolidated Financial Statements (cont'd)**18. Loans and borrowings**

	Group		Company	
	As at 30 June 2023 RM	As at 30 June 2022 RM	As at 30 June 2023 RM	As at 30 June 2022 RM
Amount repayable in one year or less, or on demand				
- Secured	267,361	1,016,103	-	-
- Unsecured	7,293,999	6,577,967	-	-
	<u>7,561,360</u>	<u>7,594,070</u>	-	-
Amount repayable after one year				
- Secured	798,563	587,696	-	-
- Unsecured	171,152,081	192,739,992	152,731,692	175,341,516
	<u>171,950,644</u>	<u>193,327,688</u>	<u>152,731,692</u>	<u>175,341,516</u>

(a) SecuredDetails 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 RM1,634,831 as at 30 June 2023 (RM2,138,880 as at 30 June 2022).

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 RM322,529 and RM62,706 respectively as at 30 June 2023 (RM336,148 and RM82,809 as at 30 June 2022).

(b) Unsecured

The unsecured facilities of the Group comprise lease liabilities and revolving credit facilities (committed and uncommitted).

19. Dividends

	Group and Company			
	As at 30 June 2023		As at 30 June 2022	
	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 2021:				
- Final dividend paid per share, tax exempt (1-tier)	-	-	0.0052 / 0.0160	42,943,545
In respect of financial year ended 30 June 2022:				
- Final dividend paid per share, tax exempt (1-tier)	0.0070 / 0.0230	<u>57,570,639</u>	-	-
		<u>57,570,639</u>		<u>42,943,545</u>
Proposed but not recognised as a liability as at 30 June:				
Final dividend on ordinary shares, subject to shareholders' approval at the AGM	0.0060 / 0.0210	<u>51,821,804</u>	0.0070 / 0.0220	<u>55,502,369</u>

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

20. Significant related party transactions

	Group	
	12 months ended 30 June	
	2023	2022
	RM	RM
Sale of goods and rendering of services to related parties:		
- Software licensing	597,780	300,000
- Software project services (professional services)	12,774,179	16,212,002
- Maintenance and enhancement services	58,838,318	51,279,489
- Sale of software and hardware products	12,008,586	215,686
Service fees paid to related parties	4,740,698	5,584,019
Administrative expenses paid to related parties	767,307	1,643,206
Data centre and infrastructure support expenses paid to related parties	3,057,488	2,620,044
Other costs reimbursed from related parties	26,239	22,610
Rental paid to related parties	153,664	100,125
Rental paid by related parties	214,775	231,180
Interest income from a related party	168	-
Purchase of property, plant and equipment from related parties	152,152	120,000
Purchase of intangible assets from a related party	31,000	-

21. 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.

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F. Notes to the Condensed Consolidated Financial Statements (cont'd)**21. 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 2023								
Financial assets:								
<u>Non-current assets</u>								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	2,800,000	-	-	2,800,000	-	-	-	-
Derivative asset (Note 11)	-	-	2,586	2,586	-	-	-	-
	2,800,000	-	2,586	2,802,586	-	-	-	-
<u>Current assets</u>								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	236,434,408	-	-	236,434,408	-	-	-	-
Financial assets at fair value through profit or loss - money market fund	-	27,544,302	-	27,544,302	-	-	-	-
	236,434,408	27,544,302	-	263,978,710	-	-	-	-
Financial assets as at 30 June 2023	239,234,408	27,544,302	2,586	266,781,296	-	-	-	-
As at 30 June 2022								
Financial assets:								
<u>Non-current assets</u>								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	1,645,000	-	-	1,645,000	-	-	-	-
Derivative asset (Note 11)	-	-	1,137,060	1,137,060	-	-	-	-
	1,645,000	-	1,137,060	2,782,060	-	-	-	-
<u>Current assets</u>								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	206,250,863	-	-	206,250,863	-	-	-	-
Financial assets at fair value through profit or loss - money market fund	-	54,659,549	-	54,659,549	-	-	-	-
	206,250,863	54,659,549	-	260,910,412	-	-	-	-
Financial assets as at 30 June 2022	207,895,863	54,659,549	1,137,060	263,692,472	-	-	-	-

There are no financial liabilities of the Group and of the Company measured at fair value at the current and previous reporting date.

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

22. 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 (professional 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) Insurance ecosystem transactions and services - provision of cloud computing Software-as-a-Service collaborative platform for policy origination and insurance claim processing.
- (vi) Retail transactions processing - provision of Software-as-a-Service subscription version of retail automation solution.
- (vii) Others - comprising 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.

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		
	12 months ended 30 June		
	2023	2022	Change
	RM	RM	%
Revenue			
South East Asia	613,613,838	597,305,583	3
North East Asia	25,245,085	24,699,830	2
South Asia	40,350,502	44,739,361	(10)
Middle East	44,983,701	22,209,300	103
Americas	4,312,143	4,540,301	(5)
Africa	16,466,634	16,733,687	(2)
Europe	20,943,322	26,313,620	(20)
Total	765,915,225	736,541,682	4

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F. Notes to the Condensed Consolidated Financial Statements (cont'd)**22. Segment information (cont'd)****(b) By business segments**

Group	Software licensing RM	Software project services (professional services) RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Insurance ecosystem transactions and services RM	Retail transactions processing RM	Others RM	Adjustments and eliminations RM	Per consolidated financial statements RM
FY2023									
Revenue:									
External customers	73,913,899	102,014,974	513,111,353	20,630,038	52,260,628	3,984,333	-	-	765,915,225
At a point in time	6,824,667	-	-	20,630,038	42,796,863	-	-	-	70,251,568
Over time	67,089,232	102,014,974	513,111,353	-	9,463,765	3,984,333	-	-	695,663,657
Inter-segment	-	-	-	-	-	-	132,622,542	(132,622,542) ⁽¹⁾	-
Results:									
Finance income	623,805	1,071,641	4,473,851	198,291	521,756	50,854	4,806,556	-	11,746,754
Finance costs	(205,923)	(711,126)	(2,220,147)	(17,802)	8,422	(21,423)	(5,183,753)	-	(8,351,752)
Selling and distribution costs	(4,761,894)	(7,598,427)	(23,355,809)	(1,593,688)	(3,254,017)	(547,907)	(9,146,582)	-	(50,258,324)
Depreciation of property, plant and equipment	(253,863)	(539,216)	(1,871,745)	(65,103)	(605,237)	(71,157)	(190,874)	-	(3,597,195)
Depreciation of right-of-use assets	(759,347)	(1,324,421)	(5,348,743)	(150,433)	(489,151)	(74,944)	(402,959)	-	(8,549,998)
Amortisation of intangible assets	(22,607,988)	-	(1,746,454)	-	(1,577,467)	(422,502)	(898,797)	-	(27,253,208)
Share of loss of an associate	-	-	-	-	-	-	(954,267)	-	(954,267)
Reversal of provision for foreseeable losses	-	508,068	-	-	-	-	-	-	508,068
Loss on derivative asset at fair value through profit or loss	-	-	-	-	-	-	(1,176,968)	-	(1,176,968)
Other non-cash (expense)/income	(190,870)	(1,812,519)	(4,482,091)	(32,646)	849,308	25,050	(6,966,838)	-	(12,610,606)
Segment profit/(loss)	37,199,502	21,871,613	303,743,478	285,439	30,007,515	386,562	(163,932,351)	-	229,561,758
As at 30 June 2023									
Assets:									
Capital expenditure	76,688,156	1,160,116	4,959,430	41,302	2,668,712	4,046	3,721,393	-	89,243,155
Segment assets	141,773,001	270,735,242	652,750,039	19,701,386	92,599,003	5,759,975	393,470,696	56,417,541 ⁽²⁾	1,633,206,883
Segment liabilities	10,948,884	10,643,946	212,150,078	4,054,494	11,941,210	800,220	168,897,372	63,774,711⁽²⁾	483,210,915

⁽¹⁾ Inter-segment dividend is eliminated on consolidation.⁽²⁾ 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.

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F. Notes to the Condensed Consolidated Financial Statements (cont'd)**22. Segment information (cont'd)****(b) By business segments (cont'd)**

Group	Software licensing RM	Software project services (professional services) RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	Insurance ecosystem transactions and services RM	Retail transactions processing RM	Others RM	Adjustments and eliminations RM	Per consolidated financial statements RM
FY2022									
Revenue:									
External customers	84,151,905	90,947,063	499,140,446	20,841,268	39,357,041	2,103,959	-	-	736,541,682
At a point in time	2,387,177	-	-	20,841,268	31,123,022	-	-	-	54,351,467
Over time	81,764,728	90,947,063	499,140,446	-	8,234,019	2,103,959	-	-	682,190,215
Inter-segment	-	-	-	-	-	-	101,106,222	(101,106,222) ⁽¹⁾	-
Results:									
Finance income	210,239	427,375	1,877,596	69,749	161,517	17,951	314,859	-	3,079,286
Finance costs	(370,446)	(912,694)	(1,021,009)	(33,122)	(72,296)	(6,796)	(382,889)	-	(2,799,252)
Selling and distribution costs	(5,137,892)	(5,549,771)	(22,775,160)	(1,002,683)	(2,566,028)	(332,020)	(4,731,027)	-	(42,094,581)
Depreciation of property, plant and equipment	(340,692)	(482,753)	(2,023,824)	(63,273)	(668,311)	(47,372)	(136,103)	-	(3,762,328)
Depreciation of right-of-use assets	(1,219,832)	(1,540,987)	(5,315,768)	(259,633)	(539,255)	(49,036)	(297,351)	-	(9,221,862)
Amortisation of intangible assets	(19,878,705)	-	(1,751,351)	-	(1,862,067)	(179,582)	(53,555)	-	(23,725,260)
Fair value adjustment on subsequent measurement of put liability	-	-	-	-	-	-	1,461,018	-	1,461,018
Gain on derivative asset at fair value through profit or loss	-	-	-	-	-	-	1,117,620	-	1,117,620
Derecognition of derivative asset upon expiry of call option	-	-	-	-	-	-	(756,928)	-	(756,928)
Other non-cash (expenses)/income	(266,681)	(669,176)	267,548	139,407	(1,683)	4,578	(4,150,567)	-	(4,676,574)
Segment profit/(loss)	43,569,952	17,984,226	281,542,469	3,298,879	19,144,331	(25,264)	(133,656,980)	-	231,857,613
As at 30 June 2022									
Assets:									
Capital expenditure	45,232,846	216,226	1,728,954	45,358	1,696,244	3,239	3,268,875	-	52,191,742
Segment assets	160,335,350	169,918,862	562,817,587	26,077,649	87,361,907	3,752,711	417,746,991	64,084,702 ⁽²⁾	1,492,095,759
Segment liabilities	53,442,432	12,054,466	188,311,702	4,968,649	10,706,606	847,112	191,563,093	55,023,197 ⁽²⁾	516,917,257

⁽¹⁾ Inter-segment dividend is eliminated on consolidation.⁽²⁾ 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.

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 2023 ("FY2023") vs 30 June 2022 ("FY2022")

Overview

Silverlake Axis Ltd. ("SAL") is a leading enterprise technology, software, and services company with focus in the financial services industry and serving 40% of the top 20 largest banks in South East Asia. Across the globe, we serve more than **400** unique customers in **70** countries across Europe, Africa, the Indian subcontinent, Middle East, Asia, and the Americas. Founded in 1989, SAL is recognised as a vendor with an impeccable delivery track record and client retention. SAL has many use cases and success stories in the delivery of innovative and transformative solutions to its enterprise customers and their ecosystems.

Over the years, the Group has undertaken several strategic acquisitions to enlarge its suite of business enterprise software solutions and service offerings. The strategic intent is to strengthen its market position in existing and new markets. With expanded capabilities, the Group is well positioned to empower its customers with leading edge solution technologies to compete effectively in the digital age.

In FY2023, Group revenue grew 4% to RM765.9 million, compared to RM736.5 million recorded in FY2022. The Group achieved Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") of RM265.6 million, 1% lower as compared to RM268.3 million in FY2022. The Group's Profit After Tax ("PAT") of RM170.3 million was 7% lower than RM182.7 million achieved in the previous year.

Revenue

By Business Activities

	Group		
	Financial year ended 30 June		Change %
	2023 RM	2022 RM	
Software licensing	73,913,899	84,151,905	(12)
Software project services (professional services)	102,014,974	90,947,063	12
Maintenance and enhancement services	513,111,353	499,140,446	3
Sale of software and hardware products	20,630,038	20,841,268	(1)
Insurance ecosystem transactions and services	52,260,628	39,357,041	33
Retail transactions processing	3,984,333	2,103,959	89
Total	765,915,225	736,541,682	4
Delivered through:			
• Cloud computing	13%	13%	0%
• Software-as-a-Service	7%	5%	2%

Project related revenue comprising software licensing and software project services (Professional Services) remain robust and contributed approximately 25% to total Group revenue. This segment contributed RM175.9 million in FY2023, comparable to prior year.

- There was a 12% reduction in software license revenue booked. Software license revenue booked totalled RM73.9 million as compared with RM84.2 million booked in the prior year. However, software project services (Professional Services) revenue increased 12% to RM102.0 million in the same period, on account of increased project delivery services we are undertaking across our market territories.
- Major contributions to software license and professional services revenue came from key projects secured in the current financial year and prior financial year – namely new MÖBIUS, SIBS and Symmetri core banking installations in Malaysia, Thailand, the Middle East and Africa. Additionally, we continue to grow and support our existing base through new change requests to upgrade, provision of professional services and installation of additional modules around our core products.
- The Group adopts the revenue recognition standard in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") which mandates recognition of project revenue on a percentage of completion method whereby

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

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.

Total recurring revenue (maintenance and enhancement services, insurance ecosystem transactions and services, and retail transactions processing) increased 5% from RM540.6 million to RM569.4 million in FY2023. Recurring revenue contributed approximately 75% of total Group revenue and has consistently remained the key revenue driver for the Group.

- Maintenance revenue increased 5% to RM257.3 million and this revenue segment will grow as new maintenance contracts and support will commence when current projects are completed and successfully handed over to the clients. Enhancement services revenue increased 1% to RM255.8 million in FY2023.
- Insurance ecosystem transactions and services recorded a significant 33% increase from RM39.4 million to RM52.3 million.
 - (i) Revenue from vehicle claims processing (“eClaims”) was 33% higher compared to prior year. The growth and momentum from this segment remain strong in core countries such as Malaysia, Singapore and Indonesia recording growth of 29% over prior year. Further, our expanded coverage of the eClaims business into countries such as Hong Kong, UAE, Japan, Thailand, Vietnam and Philippines are showing strong growth momentum and positive contributions to revenue in this segment.
 - (ii) Revenue from the processing of insurance policies (“ePolicy”) recorded 20% growth in FY2023 and largely came from Hong Kong, Indonesia, and Singapore.
 - (iii) Revenue from the integration and maintenance services rendered to support eClaims and ePolicy activities in FY2023 was 16% higher as a result of higher requests and demands from Hong Kong and Singapore clients.
 - (iv) Revenue from TrueSight suite of productivity & analytics solutions continue to rise quarter to quarter, contributing 7% of total insurance ecosystem transactions and services revenue in FY2023 as compared to 5% in prior year. We introduced a new product, CarGrade; launched in Malaysia in Q4 FY2022, which provides used car e-commerce websites on potential worthiness of a used vehicle using artificial intelligence and analytics. To date, growth of this product line is promising with revenue contributions of RM1.7 million from increased onboarding of clients in the automotive and e-commerce platform industry.
- Revenue from retail transactions processing via our cloud-based retail solution, AgoraCloud, increased 89% to RM4.0 million in FY2023. Growth rates and momentum of this segment has been strong since we introduced the AgoraCloud product in FY2021. As this is a usage-based model, we have seen increased usage from our existing base of four clients as well as new clients whom we have signed up.

RM96.8 million or 13% of total Group revenue was delivered via cloud computing, 2% higher than RM95.3 million recorded in the previous year. The revenue from this segment should increase over time as more and more of our clients are looking at cloud-based solution options to improve business and operational efficiency.

Revenue from Software-as-a-Service (“SaaS”) grew 37% to RM52.2 million and now constitutes 7% of our total Group revenue in FY2023.

Profitability

The Group recorded a gross profit of RM451.0 million in FY2023, 8% higher than prior year with an aggregate gross profit margin of 59%, higher than the 57% achieved in FY2022.

Finance income increased 281% from RM3.1 million to RM11.7 million in FY2023 as a result of higher interest earned from deposits placed with financial institutions.

Other income was 70% lower this year, a decrease from RM11.3 million to RM3.4 million in FY2023. Key breakdowns for the decrease are:

- 53% of the decrease was contributed by foreign currency exchange loss on cash reserve as compared to a gain of RM4.2 million in prior year.
- Another 33% reduction was as a result of an unfavourable remeasurement and recognition of put and call options on the remaining 20% equity interest in SIA X Infotech Group and 16.37% equity interest in Ancileo Pte. Ltd.
- The remaining 14% reduction in other income was mainly due to the expiry of Covid-19 government support subsidies.

The Group incurred total expenses of RM235.6 million in FY2023. This was 17% higher compared to RM201.2 million recorded in prior year. The increase in expenses was expected and was incurred given current inflationary environment and also to support growth in new delivery services projects and future proofing of long-term growth and sustainability of SAL business. Key breakdowns for the increase are:

- 61% cost increase were associated with addition of new headcounts into the organisation and increased business development and travel costs post pandemic. More headcounts were added to service many new project contracts won and for business development, business expansion, support future sustainability and increasing sales and market coverage.

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

- 21% cost increase was attributable to finance costs incurred on a revolving credit facility (“RCF”) drawdown for a corporate exercise executed in Q4 last year whereby interest was charged and captured for full year this year versus one month in the previous year.
- 9% cost increase was due to foreign currency exchange loss on cash reserves recorded during the year as a result of the fluctuation of foreign currencies.
- The remaining 9% cost increase was related to operating costs such as internal and external branding activities as markets opened up, and higher cost of SAL Executives’ Performance Share Plan as a result of upward movement of SAL share price.

Overall, the Group’s expense (selling, distribution, administrative and finance costs) over revenue ratio of 31% is below the industry benchmark of 35% to 40%. It is one of the key metrics used for cost monitoring to ensure the spending are within planned parameters to deliver the existing and future contracts.

In aggregate, the Group achieved Profit Before Tax (“PBT”) of RM229.6 million and EBITDA of RM265.6 million in FY2023.

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

	Group		
	Financial year ended 30 June		Change %
	2023 RM	2022 RM	
Current income tax (“CIT”)	51,242,597	43,777,500	17
Deferred tax (“DT”)	8,040,118	2,646,499	204
Foreign and withholding tax	-	2,730,129	(100)
Total income tax expense	59,282,715	49,154,128	21
% of CIT over Group’s Profit Before Tax	22%	19%	3%
% of DT over Group’s Profit Before Tax	4%	1%	3%
% of CIT and DT over Group’s Profit Before Tax	26%	20%	6%

CIT represents amount expected to be incurred and paid to the taxation authorities in respect of taxable income generated during the year. The Group recorded an effective CIT rate of 22%, 3% higher than last year mainly due to higher chargeable income derived from higher revenue and profitability from recurring revenue stream this year from subsidiaries operating mainly in Malaysia, Singapore and Indonesia, and lesser incentive or bilateral tax relief claimed this year.

As compared with FY2022, deferred tax expense increased significantly from RM2.6 million to RM8.0 million as a result of higher deferred tax liabilities recognised on deductible software development cost incurred in FY2023.

Foreign withholding tax is the tax levied anticipated on dividend distributions from foreign subsidiaries to the holding company.

As a consequence of these factors, the Group reported a PAT of RM170.3 million in FY2023.

(b) STATEMENTS OF FINANCIAL POSITION REVIEW

Intangible assets

Intangible assets of the Group increased from RM342.2 million as at 30 June 2022 to RM409.3 million as at 30 June 2023 mainly due to the capitalisation of software development expenditure incurred for the development of core and digital banking, fintech and other solutions. The increase was partially offset by the amortisation of intangible assets for FY2023.

Investment in an associate

Following the completion of First Tranche Acquisition on 30 June 2022, Ancileo Pte. Ltd. has become an associate of the Group. The call option has been accounted for as a derivative asset in the consolidation statement of financial position in accordance with SFRS(I) 9 Financial Instruments.

The investment in an associate is accounted for using the equity method in the consolidated financial statements. No share of post-acquisition reserves was recognised in the previous financial year upon completion of acquisition on 30 June 2022. The share of associate’s losses amounting to RM1.0 million in current financial year has been recognised in the consolidated income statement for the financial year ended 30 June 2023.

Derivative asset

This represents the fair value of call option in connection with the Second Tranche Acquisition of Ancileo Pte. Ltd. as disclosed above. The derivative asset has been remeasured at the reporting date and the change in fair value of RM1.2 million has been recognised in the "Administrative expenses" line item in the consolidated income statement for the financial year ended 30 June 2023.

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

Deferred tax

The Group recorded net deferred tax assets of RM5.9 million as at 30 June 2023 as compared to RM16.5 million as at 30 June 2022. Deferred tax assets reduced as a result of higher deferred tax liabilities recognised on deductible software development cost incurred in FY2023.

Trade and other receivables

Trade and other receivables increased from RM127.6 million as at 30 June 2022 to RM185.8 million as at 30 June 2023 mainly due to timing of revenue billings raised during Q4 FY2023.

Contract assets/(liabilities)

The Group recorded net contract assets of RM41.5 million as at 30 June 2023 as compared to net contract liabilities of RM57.2 million as at 30 June 2022. The components of contract assets and contract liabilities are presented as follows:

	Group		
	As at 30 June 2023 RM	As at 30 June 2022 RM	Change %
Contract assets			
Amounts due from customers for contract work-in-progress (<i>Note (i)</i>)	126,661,624	65,376,171	94
Advance maintenance costs (<i>Note (ii)</i>)	11,828,180	7,509,710	58
Prepaid license and hardware costs (<i>Note (iii)</i>)	16,368,588	1,610,151	917
Less: Expected credit losses	(416,773)	(567,013)	(26)
Total contract assets recognised under current assets	154,441,619	73,929,019	109
Contract liabilities			
Amounts due to customers for contract work-in-progress (<i>Note (i)</i>)	(16,179,439)	(42,090,688)	(62)
Advance maintenance fees (<i>Note (ii)</i>)	(87,134,562)	(77,114,922)	13
Deferred revenue	(9,664,636)	(11,952,764)	(19)
Total contract liabilities recognised under current liabilities	(112,978,637)	(131,158,374)	(14)
Net contract assets/(liabilities)	41,462,982	(57,229,355)	(172)

- (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 Group recorded a net amount due from customers for contract work-in-progress of RM110.5 million as at 30 June 2023 as compared with RM23.3 million as at 30 June 2022, 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 increase in advance maintenance fees from RM69.6 million as at 30 June 2022 to RM75.3 million as at 30 June 2023 was mainly due to the additional maintenance billings raised for new contracts secured during the year.
- (iii) Prepaid license and hardware costs increased from RM1.6 million as at 30 June 2022 to RM16.4 million as at 30 June 2023 mainly due to an exclusive reseller right secured and paid in FY2023, whereby the prepaid fees will be recognised as cost upon sale of licenses or expiry.

Amounts due from/(to) related parties

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

Current income tax

Current income tax assets and liabilities represent the amount expected to be recovered from or paid to the taxation authorities. The net tax payable of the Group was RM13.2 million as at 30 June 2023 as compared to RM7.5 million as at 30 June 2022 mainly due to higher profitability and taxable income from certain subsidiaries and lower tax credits available for use in current year.

Total current and non-current financial assets at fair value through other comprehensive income - quoted equity shares

Financial assets comprise of the Group's equity interest in Global InfoTech Co. Ltd. ("GIT") and DynaFront Holdings Berhad ("DynaFront"). These financial assets have been remeasured at fair value derived based on Level 1 valuation input under the fair value hierarchy.

The increase in investment in quoted equity shares from RM207.9 million as at 30 June 2022 to RM239.2 million as at 30 June 2023 was due to the upward fair value adjustment of the 37.1 million GIT shares and 3.5 million DynaFront shares held at each reporting date in accordance with SFRS(I) 9 Financial Instruments. The RM17.0 million unrealised fair value gain from remeasurement of shares were recognised in Other Comprehensive Income for the financial year ended 30 June 2023.

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

Cash and bank balances

The Group's cash and bank balances amounted to RM504.2 million as at 30 June 2023, 10% lower as compared to RM558.1 million as at 30 June 2022. Following the shareholders' approval of a final tax exempt 1-tier dividend of Singapore 0.70 cents per ordinary share in respect of financial year ended 30 June 2022 in last SAL Annual General Meeting, RM57.6 million were remitted as final dividend to shareholders in FY2023.

Total current and non-current loans and borrowings

The Group's loans and borrowings decreased from RM200.9 million as at 30 June 2022 to RM179.5 million as at 30 June 2023 following the partial repayment of revolving credit facility in FY2023.

Trade and other payables

Trade and other payables of the Group amounted to RM112.3 million as at 30 June 2023 as compared to RM117.0 million as at 30 June 2022 mainly due to lower sub-contractor fees and performance incentives accruals in FY2023.

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.

As we ended FY2023 and look back at the market landscape and review events globally and regionally, what is clear is that the Asia technology market continues to have immense opportunities, while going through a challenging backdrop. Financial services institutions continue to look for innovative and credible partners in their quest to transform how they deploy information technology in business. Many financial services institutions across Asia have yet to embark on technological change that brings tangible business outcomes and, in our opinion, in the near to medium term horizon, it will be a tussle between the old and the new and this creates a very sweet spot for SAL to operate in.

Judging from almost all analyst reports and predictions, IT spend in banking and other financial services institutions in Asia Pacific will grow in the high single digits over the next 12 months.

Key areas where financial services institutions will deploy their spend include:

- Software (both applications and others) renewals, upgrades or replacement to adapt to modern environments where usage and deployment of the software will be compatible to the increasingly need to be "open" in their architectures.
- Infrastructure investments on cloud deployment to reduce overall technical debt.
- Outsourcing or partnering with innovative and credible vendors to provide the range of services and talents that are needed to ensure successful migration and development of the new software and infrastructure platforms.
- Managing cybersecurity risks and ensuring resiliency from attacks will be a key consideration. Building the required compliance infrastructure will also be an area of focus as governments are responding with expanded legal frameworks on cybersecurity and data protection.
- Investing in new tech such as AI and analytics will also be foremost in the minds of financial institutions as they look for ways to explore the next frontier in deploying superior customer service platforms and driving internal efficiencies and automation.

In SAL, as we reflect on our full year performance and business activities in FY2023, there are certain key take-aways that will shape our thinking in driving our business in FY2024:

- While overall total SAL revenue grew 4%, we find there are silver linings in parts of our business that consistently demonstrate strong potential and are already growing in double-digit revenue – in parts of Banking, our Fermion Insurtech business, QR retail tech processing and XIT, our e-identification and personalisation solutions provider based in Latvia.
- Since FY2021, SAL recorded consistent revenue growth; with the last 2 years attaining historical highs.
- In FY2023, total deals and contracts value closed were the highest in our history, a clear testament to our strength, resiliency and position in the marketplace.
- While we consistently and predictably, on a year-to-year basis, grow our recurring base business in the single digits, new licenses and project delivery services exhibited strong double-digit growth over the last 3 years.
- With the shift in demand toward SaaS and cloud computing, we are seeing consistent increase in revenue contribution from these two areas – in FY2023, SaaS revenue constituted 7% and cloud computing represented 13% of our total revenue. Strategically, we are pivoting steadily to these new market demands.
- We demonstrated our capabilities honed in by our 35 years of experience in the market, in penetrating and increasing our footprint in the core banking market space with 6 new non-SAL banks secured in FY2023.
- Our 3 core banking platforms – MÖBIUS, SIBS and Symmetri are all showing strong adoption and successes in non-SAL banking customers. Our key differentiator in SAL is – we offer choices to customers.
- Our Fermion Insurtech business continues to be the market leader in e-Claims for key countries in ASEAN and we have also successfully expanded into new markets in the Middle East, Japan and Hong Kong. We continue to launch new and innovative insurtech products and services that are showing strong market traction.

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

- Our XIT subsidiary in Latvia is becoming known as the leading solution provider of choice in personalisation and e-identification technologies; in Africa, the Middle East and Eastern Europe with many marquee projects secured.
- Our retail tech business with our cloud-based retail offering AgoraCloud is doubling their SaaS revenue every year for the past 3 years and we are confident this trend will continue moving forward.
- Our overall SAL business model is sound with strong gross profit and net profit margins, above most of our industry peers.
- Cash wise, we consistently generate strong cash flows on a rolling basis that can fund our operational needs for 9 months or more, without the need for long term bank borrowings.

While these are clear silver linings in our business, FY2023 also came with challenges that we had to navigate through:

- The global and regional business climate went through some testing times; with global inflation, rising interest rates and the prolonged war in Ukraine affecting general business sentiments. The tech market too saw significant layoffs of employees amongst marquee global tech players and this had a ripple effect in the markets we operate in. The uncertainties from these events impacted business confidence and customers are more cautious committing to and making purchase decisions on large scale IT transformation programs.
- Inflation, rising costs and in particular demand for skilled IT talents have caused our operational cost to rise and our challenge is to ensure we strike an optimum balance in operating our business.

Going into FY2024, we firmly believe in the strategy and the transformation program that we rolled out three years back; and we are committed to continue to shape our FY2024 initiatives along key pillars from our five-year strategy and plan:

- Continue to invest and position our product suite to ensure we remain at the forefront of technological innovation;
- Inculcate values that enable our people to be customer centric and make every customer the center of everything we do;
- Continue the journey and evolution of the global SAL organisation into a world class operator that delivers superior financial metrics;
- Invest in key areas to future proof our business and organisational long-term sustainability going forward;
- Extend our market coverage and reach; through building strategic partnerships with credible external parties;
- Innovate and scale our proprietary IP assets across all platforms;
- Position ourselves as an employer of choice to attract and retain talent;
- Expand the Fermion business beyond e-Claims and position SAL as the leading provider of end-to-end insurtech services and platforms;
- Renew our commitment to ESG to positively impact our stakeholders.

In executing to these key strategic pillars, our major focus in FY2024 will be:

- Riding the momentum of digital banking and expanding our share of wallet from our existing installed base and penetrate into non-SAL banking sites and also increase our global footprint in new and emerging markets.
- Empowering our sales and customer engagement teams to meet sales targets and have a disciplined cadence to track deals pipeline and contract closures.
- Institutionalise our transformation activities in its current consolidation phase and inculcate a strong ONE SAL culture.
- Continuously improve our brand equity through media engagement, investor roadshows, events and client sponsorship.
- Banking – Position our banking suite of products to be the preferred choice for customers.
- Fermion – Extend and enhance the Fermion Insurtech ecosystem through partnerships, mergers and acquisitions and organic growth.
- QR Retail – Drive adoption of our cloud SaaS product to the wider retail segment.
- XIT – Form strategic alliances with global system integrators to access new markets for Core Digital Identity products.
- Continue to invest in our delivery teams and grow talents with the necessary skillsets and discipline to deliver complex project assignments to the satisfaction of all our customers.
- Provide new and innovative offerings in our maintenance and support to continue to grow this jewel in our crown – the recurring business base which returns 75% of our revenue year-on-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 0.60 cents per ordinary share
Par Value of Shares	USD0.02
Tax Rate	Tax exempt 1-tier

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

(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	Final
Dividend Type	Cash
Dividend Rate	Singapore 0.70 cents per ordinary share
Par Value of Shares	USD0.02
Tax Rate	Tax exempt 1-tier

Total dividends declared for FY2023 amounted to Singapore 0.60 cents compared with Singapore 0.70 cents declared for FY2022.

(c) Date payable

The Directors have proposed a tax exempt (one tier) final dividend of Singapore 0.60 cents per ordinary share. The final dividend, if approved by the shareholders at the forthcoming Annual General Meeting of the Company, will be paid on 16 November 2023.

(d) Books closure date

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed from 5.00 p.m. on 7 November 2023 for the purpose of determining shareholders' entitlements to the proposed final dividend. Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5.00 p.m. on 7 November 2023 will be registered to determine members' entitlements to the proposed final dividend.

Shareholders (being depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 7 November 2023 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.

**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		
Final dividend	51,821,804	57,570,639
Total	51,821,804	57,570,639

This proposed final dividend in relation to financial year ended 30 June 2023 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 RM3.4385 as at 30 June 2023. The total amount to be paid to shareholders in relation to the proposed final dividend amounting to SGD15,071,050.

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

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 2023 by the Group in accordance with the shareholders' mandates were as follow:

Name of interested person	Nature of relationship	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) 1-7-22 to 30-6-23	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) 1-7-22 to 30-6-23
		RM	RM
Silverlake Private Entities ("SPE") ⁽¹⁾	Associates of Mr. Goh Peng Ooi		
<u>IPT Mandate</u> ⁽²⁾			
Contract value from SPE:			
• Silverlake Innovation Partners Sdn. Bhd.		-	95,829,400
• Silverlake Capital Market Solution Sdn. Bhd.		-	2,915,586
• Silverlake Processing Services Sdn. Bhd.		-	3,249,000
• Silver Peak Technology Integration Services (Beijing) Co. Ltd.		-	5,960,320
		-	107,954,306
Service contract fees to SPE:			
• Silverlake Sheaf Sdn. Bhd.		-	(882,000)
• Silverlake Cloud Computing Sdn. Bhd.	-	(901,600)	
• Silverlake Mobility Ecosystem Sdn. Bhd.	-	(732,601)	
	-	(2,516,201)	
<u>Non-Mandate Transactions</u> ⁽³⁾			
Contract value from SPE:			
• Silverlake Innovation Partners Sdn. Bhd.	14,352,647	-	
	14,352,647	-	

⁽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 the provision of third-party software and hardware products by Silverlake Digital Economy Sdn. Bhd., Silverlake Holdings Sdn. Bhd. and Cyber Village Sdn. Bhd. to Silverlake Innovation Partners Sdn. Bhd.

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 2023 was as follows:

Name of related parties	Total Due RM	0-30 days RM	31-60 days RM	61-90 days RM	91-180 days RM	> 180 days RM
Transactions conducted under the IPT Mandate Silverlake Private Entities ⁽¹⁾	7,514,960	7,233,853	281,107	-	-	-
Non-Mandate Transactions Silverlake Private Entities	165,366	165,366	-	-	-	-
Non-Trade Transactions Silverlake Private Entities	67,620	67,620	-	-	-	-
Grand Total	7,747,946	7,466,839	281,107	-	-	-

(Note 2)

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

⁽²⁾ As at 25 August 2023, the amounts due from Silverlake Private Entities between 31-60 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	36	Daughter of Mr. Goh Peng Ooi	Deputy Chief Executive Officer w.e.f. 1 May 2022	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

25 August 2023