SILVERLAKE AXIS LTD.

(Company Registration No. 202133173M)
(Registered in Singapore)

Condensed Interim Consolidated Financial Statements for the six months ended 31 December 2022

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SILVERLAKE AXIS LTD.
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A. Condensed Interim Consolidated Income Statement

		Group		
		6 months ended 31 December		
		2022	**2021**	**Change**
	Note	**RM**	**RM**	**%**
Revenue	4	392,276,914	358,522,508	9
Cost of sales		(162,882,843)	(142,053,924)	15
Gross profit		229,394,071	216,468,584	6
Other items of income				
Finance income		4,483,417	1,409,975	218
Other income		1,962,137	1,686,387	16
Other items of expenses				
Selling and distribution costs		(22,995,316)	(17,769,492)	29
Administrative expenses		(80,853,031)	(69,128,920)	17
Finance costs		(3,782,240)	(1,539,370)	146
Share of loss of an associate		(343,278)	-	N/M
Profit before tax	5	127,865,760	131,127,164	(2)
Income tax expense	6	(28,150,885)	(36,374,984)	(23)
Profit for the period		99,714,875	94,752,180	5
Profit for the period attributable to:				
Owners of the parent		99,318,923	94,747,446	5
Non-controlling interests		395,952	4,734	8264
		99,714,875	94,752,180	5
Earnings per share attributable to the owners of the parent:				
- Basic (sen)	7	3.96	3.54	12
- Diluted (sen)	7	3.95	3.53	12

B. Condensed Interim Consolidated Statement of Comprehensive Income

		Group		
		6 months ended 31 December		
		2022	**2021**	**Change**
		RM	**RM**	**%**
Profit for the period		99,714,875	94,752,180	5
Other comprehensive income/(loss):				
Items that may be reclassified to profit or loss in the subsequent periods:				
- Foreign currency translation gain/(loss)		9,416,595	(4,786,660)	(297)
		9,416,595	(4,786,660)	(297)
Items that will not be reclassified to profit or loss in the subsequent periods:				
- Fair value (loss)/gain on financial assets - quoted equity shares		(25,387,868)	6,021,487	(522)
- Deferred tax relating to fair value loss/(gain) on financial assets - quoted equity shares		2,519,872	(567,860)	(544)
- Deferred tax relating to actuarial loss/(gain) on defined benefit plans		61,847	(76,851)	(180)
		(22,806,149)	5,376,776	(524)
Other comprehensive (loss)/income for the period, net of tax		(13,389,554)	590,116	(2369)
Total comprehensive income for the period		86,325,321	95,342,296	(9)
Total comprehensive income for the period attributable to:				
Owners of the parent		85,929,369	95,337,562	(10)
Non-controlling interests		395,952	4,734	8264
		86,325,321	95,342,296	(9)

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C. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31 December 2022	30 June 2022	31 December 2022	30 June 2022
		RM	RM	RM	RM
ASSETS					
Non-current assets					
Property, plant and equipment		9,465,183	10,175,801	32,356	35,039
Right-of-use assets		24,348,024	25,624,070	-	-
Intangible assets		365,108,079	342,151,697	-	-
Investments in subsidiaries	8	-	-	2,155,868,566	2,111,538,501
Investment in an associate	9	6,008,078	6,118,674	-	-
Financial assets at fair value through other comprehensive income - quoted equity shares		1,750,000	1,645,000	-	-
Amount due from a subsidiary		-	-	161,074,944	152,665,519
Derivative asset	10	1,181,520	1,137,060	-	-
Deferred tax assets		49,489,863	58,187,085	-	-
		457,350,747	445,039,387	2,316,975,866	2,264,239,059
Current assets					
Inventories		483,481	432,012	-	-
Trade and other receivables	11	170,523,157	127,643,736	151,119	46,718
Contract assets	12	103,225,313	73,929,019	-	-
Prepayments		3,050,381	3,293,945	132,003	91,760
Amounts due from subsidiaries		-	-	87,405	64,981
Amounts due from related parties		12,873,160	16,892,738	-	-
Tax recoverable		4,290,951	5,897,617	-	-
Financial assets at fair value through other comprehensive income - quoted equity shares		183,055,801	206,250,863	-	-
Financial assets at fair value through profit or loss - money market fund		41,102,366	54,659,549	-	-
Cash and bank balances		509,312,876	558,056,893	151,599,057	182,344,511
		1,027,917,486	1,047,056,372	151,969,584	182,547,970
Total assets		1,485,268,233	1,492,095,759	2,468,945,450	2,446,787,029
EQUITY AND LIABILITIES					
Equity					
Share capital	14(a)	1,845,200,087	1,845,200,087	1,845,200,087	1,845,200,087
Treasury shares	14(d)	(202,088,178)	(197,775,703)	(202,088,178)	(197,775,703)
Other reserves	15	(69,567,475)	(63,103,242)	162,172,674	67,357,946
Merger deficit	16	(1,943,942,990)	(1,943,942,990)	-	-
Retained profits		1,364,220,438	1,321,682,810	494,587,515	549,240,210
Equity attributable to owners of the parent		993,821,882	962,060,962	2,299,872,098	2,264,022,540
Non-controlling interests		13,513,492	13,117,540	-	-
Total equity		1,007,335,374	975,178,502	2,299,872,098	2,264,022,540

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

		Group		Company	
		31 December 2022	30 June 2022	31 December 2022	30 June 2022
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES (cont'd)					
Non-current liabilities					
Loans and borrowings	17	181,482,298	193,327,688	163,990,288	175,341,516
Deferred tax liabilities		35,811,317	41,667,392	-	-
Provision for defined benefit liabilities		13,268,402	12,346,780	-	-
		230,562,017	247,341,860	163,990,288	175,341,516
Current liabilities					
Trade and other payables		125,171,507	116,992,544	3,702,371	3,344,044
Contract liabilities	12	98,536,451	131,158,374	-	-
Loans and borrowings	17	7,022,563	7,594,070	-	-
Provision for defined benefit liabilities		-	80,330	-	-
Amounts due to subsidiaries		-	-	1,299,332	4,069,033
Amounts due to related parties		1,859,442	394,274	-	-
Tax payable		14,780,879	13,355,805	81,361	9,896
		247,370,842	269,575,397	5,083,064	7,422,973
Total liabilities		477,932,859	516,917,257	169,073,352	182,764,489
Net current assets		780,546,644	777,480,975	146,886,520	175,124,997
Total equity and liabilities		1,485,268,233	1,492,095,759	2,468,945,450	2,446,787,029

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D. Condensed Interim Statements of Changes in Equity

Group	Note	Share capital (Note 14(a)) RM	Share premium (Note 14(b)) RM	Treasury shares (Note 14(d)) RM	Other reserves (Note 15) RM	Merger deficit (Note 16) RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
		Attributable to owners of the parent								
				<------- Non-distributable ------->						
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 period		-	-	-	-	-	99,318,923	99,318,923	395,952	99,714,875
Other comprehensive (loss)/income for the period		-	-	-	(13,451,401)	-	61,847	(13,389,554)	-	(13,389,554)
Total comprehensive (loss)/income for the period		-	-	-	(13,451,401)	-	99,380,770	85,929,369	395,952	86,325,321
<u>Transactions with owners</u>										
Purchase of treasury shares	14(d)	-	-	(4,312,475)	-	-	-	(4,312,475)	-	(4,312,475)
Grant of shares under Performance Share Plan		-	-	-	6,987,168	-	-	6,987,168	-	6,987,168
Dividends on ordinary shares	18	-	-	-	-	-	(56,843,142)	(56,843,142)	-	(56,843,142)
Total transactions with owners in their capacity as owners		-	-	(4,312,475)	6,987,168	-	(56,843,142)	(54,168,449)	-	(54,168,449)
At 31 December 2022		1,845,200,087	-	(202,088,178)	(69,567,475)	(1,943,942,990)	1,364,220,438	993,821,882	13,513,492	1,007,335,374

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

Group	Note	Attributable to owners of the parent								
		<------- Non-distributable ------->								
		Share capital RM	Share premium RM	Treasury shares RM	Other reserves RM	Merger deficit 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 period		-	-	-	-	-	94,747,446	94,747,446	4,734	94,752,180
Other comprehensive income/(loss) for the period		-	-	-	666,967	-	(76,851)	590,116	-	590,116
Total comprehensive income for the period		-	-	-	666,967	-	94,670,595	95,337,562	4,734	95,342,296
Transactions with owners										
Reclassification of share premium upon re-domiciliation - transition to no par value concept *		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 **		-	1,467,662,161	-	-	(1,467,662,161)	-	-	-	-
Grant of shares under Performance Share Plan		-	-	-	5,177,101	-	-	5,177,101	-	5,177,101
Dividends on ordinary shares	18	-	-	-	-	-	(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)	-	5,177,101	(1,467,662,161)	(42,943,545)	(37,766,444)	-	(37,766,444)
At 31 December 2021		1,845,200,087	-	(25,769,645)	7,899,487	(1,943,942,990)	1,228,600,479	1,111,987,418	56,922	1,112,044,340

* 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.

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

		Attributable to owners of the parent					
				Non-distributable			
Company	**Note**	**Share capital (Note 14(a)) RM**	**Share premium (Note 14(b)) RM**	**Treasury shares (Note 14(d)) RM**	**Other reserves (Note 15) RM**	**Distributable retained profits RM**	**Total equity 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 period		-	-	-	-	2,190,447	2,190,447
Other comprehensive income for the period		-	-	-	87,827,560	-	87,827,560
Total comprehensive income for the period		-	-	-	87,827,560	2,190,447	90,018,007
Transactions with owners							
Purchase of treasury shares	14(d)	-	-	(4,312,475)	-	-	(4,312,475)
Grant of shares under Performance Share Plan		-	-	-	6,987,168	-	6,987,168
Dividends on ordinary shares	18	-	-	-	-	(56,843,142)	(56,843,142)
Total transactions with owners in their capacity as owners		-	-	(4,312,475)	6,987,168	(56,843,142)	(54,168,449)
At 31 December 2022		1,845,200,087	-	(202,088,178)	162,172,674	494,587,515	2,299,872,098
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 period		-	-	-	-	35,778,775	35,778,775
Other comprehensive income for the period		-	-	-	451	-	451
Total comprehensive income for the period		-	-	-	451	35,778,775	35,779,226
Transactions with owners							
Reclassification of share premium upon re-domiciliation - transition to no par value concept *		1,654,159,433	(1,654,159,433)	-	-	-	-
Grant of shares under Performance Share Plan		-	-	-	5,177,101	-	5,177,101
Dividends on ordinary shares	18	-	-	-	-	(42,943,545)	(42,943,545)
Total transactions with owners in their capacity as owners		1,654,159,433	(1,654,159,433)	-	5,177,101	(42,943,545)	(37,766,444)
At 31 December 2021		1,845,200,087	-	(25,769,645)	17,267,643	525,094,290	2,361,792,375

***** 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 Interim Consolidated Statement of Cash Flows

	Note	Group	
		6 months ended 31 December	
		2022	2021
		RM	RM
Operating activities:			
Profit before tax		127,865,760	131,127,164
Adjustments for:			
Amortisation of intangible assets	5	13,372,578	11,797,914
Depreciation of property, plant and equipment		1,778,404	1,802,489
Depreciation of right-of-use assets		4,155,529	4,677,826
Write off of property, plant and equipment		-	459
Net loss on disposal of property, plant and equipment		39,244	-
Loss on disposal of right-of-use assets		-	1
Net gain on lease modifications		(107,156)	-
Bad debts written off		3,450	21,146
Reversal of expected credit losses on trade receivables		(147,728)	(23,603)
Reversal of provision for foreseeable losses		(463,515)	-
Dividend income from financial assets - quoted equity shares		(42,000)	-
Gain on redemption of financial assets - money market fund		(453,030)	(136,592)
Net unrealised foreign currency exchange loss/(gain)		417,278	(220,687)
Performance shares issued		6,987,168	5,177,101
Reversal of allowance for unutilised leave		(2,932,731)	(2,630,410)
Defined benefit liabilities		898,526	815,780
Share of loss of an associate		343,278	-
Finance costs		3,782,240	1,539,370
Finance income		(4,483,417)	(1,409,975)
Total adjustments		23,148,118	21,410,819
Operating cash flows before changes in working capital		151,013,878	152,537,983
Changes in working capital:			
Inventories		(54,726)	30,402
Trade and other receivables		(41,505,128)	(15,457,602)
Contract assets/liabilities		(60,709,178)	65,560,919
Amounts due from/to related parties, net		5,527,759	(2,193,904)
Trade and other payables		10,857,715	1,811,829
Total changes in working capital		(85,883,558)	49,751,644
Cash flows from operations		65,130,320	202,289,627
Net (placement)/uplift of deposits pledged		(647)	884,719
Defined benefits paid		(87,898)	-
Income tax paid		(19,871,188)	(25,234,021)
Interest paid		(3,782,240)	(419,812)
Net cash flows from operating activities		41,388,347	177,520,513
Investing activities:			
Purchases of property, plant and equipment		(1,217,940)	(1,043,029)
Purchases of right-of-use assets		(46,401)	-
Payments for software development expenditure		(31,917,727)	(20,720,956)
Payments for other intangible assets		(1,204,050)	(1,657,392)
Proceeds from disposal of property, plant and equipment		151,594	445
Proceeds from disposal of right-of-use assets		609	5,100
Proceeds from redemption of financial assets - money market fund		14,010,213	469,584
Purchases of financial assets - money market fund		-	(19,004,999)
Purchases of financial assets - quoted equity shares		-	(735,000)
Interest received		4,365,745	1,358,621
Dividend income from financial assets - quoted equity shares		42,000	-
Net cash flows used in investing activities		(15,815,957)	(41,327,626)

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

		Group	
		6 months ended 31 December	
		2022	2021
	Note	RM	RM
Financing activities:			
Dividends paid	18	(56,843,142)	(42,943,545)
Purchase of treasury shares		(4,312,475)	-
Repayment of term loan and revolving credit		(18,066,954)	(124,441)
Payment of principal portion of lease liabilities		(3,845,105)	(4,881,499)
Net cash flows used in financing activities		(83,067,676)	(47,949,485)
Net (decrease)/increase in cash and cash equivalents		(57,495,286)	88,243,402
Effects of exchange rate changes on cash and cash equivalents		8,749,437	(2,934,590)
Cash and cash equivalents at beginning of the year		548,934,775	407,341,135
Cash and cash equivalents at end of the period		500,188,926	492,649,947

	Group	
	6 months ended 31 December	
	2022	2021
	RM	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	509,312,876	501,542,278
Less: Pledged deposits	(9,123,950)	(8,892,331)
Cash and cash equivalents at end of the period	500,188,926	492,649,947

F. Notes to the Condensed Interim 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 period.

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 interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the ASC. The condensed interim 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 interim 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 interim 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 does 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

F. Notes to the Condensed Interim 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) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
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) 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 interim 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 Interim 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 in the previous financial year. There was no impairment indicator as at 31 December 2022. No further impairment loss on goodwill has been recognised in the current reporting period and the 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 31 December 2022 is disclosed in Note 8.

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

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

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

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

The carrying amounts of the Group's trade receivables and contract assets as at 31 December 2022 are disclosed in Note 11 and Note 12 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 period.

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

4. Revenue

	Group		
	6 months ended 31 December		
	2022	2021	Change
	RM	RM	%
Sale of goods or rendering of services			
Software licensing	55,996,229	40,276,429	39
Software project services (professional services)	40,940,801	41,917,238	(2)
Maintenance and enhancement services	249,787,731	252,208,428	(1)
Sale of software and hardware products	17,281,422	5,918,095	192
Insurance ecosystem transactions and services	26,339,764	17,493,131	51
Retail transactions processing	1,930,967	709,187	172
Total revenue from contracts with customers	392,276,914	358,522,508	9

5. Profit before tax

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

	Group		
	6 months ended 31 December		
	2022	2021	Change
	RM	RM	%
Amortisation of intangible assets	(13,372,578)	(11,797,914)	13
Depreciation of property, plant and equipment	(1,778,404)	(1,802,489)	(1)
Depreciation of right-of-use assets	(4,155,529)	(4,677,826)	(11)
Write off of property, plant and equipment	-	(459)	(100)
Net loss on disposal of property, plant and equipment	(39,244)	-	N/M
Loss on disposal of right-of-use assets	-	(1)	(100)
Net gain on lease modifications	107,156	-	N/M
Bad debts written off*	(3,450)	(21,146)	(84)
Reversal of expected credit losses on trade receivables**	147,728	23,603	526
Reversal of provision for foreseeable losses	463,515	-	N/M
Dividend income from financial assets - quoted equity shares**	42,000	-	N/M
Gain on redemption of financial assets - money market fund	453,030	136,592	232
Net foreign currency exchange (loss)*/gain**:			
- realised	(3,393,498)	(1,051,085)	223
- unrealised	(417,278)	220,687	(289)
Performance shares issued	(6,987,168)	(5,177,101)	35
Reversal of allowance for unutilised leave	2,932,731	2,630,410	11
Defined benefit liabilities	(898,526)	(815,780)	10
Adjustments for over provision of tax in respect of prior years	542,815	445,300	22

* Included in other operating expenses
** Included in other operating income

6. Income tax expense

	Group		
	6 months ended 31 December		
	2022	2021	Change
	RM	RM	%
Current income tax	22,684,225	23,676,010	(4)
Deferred tax	5,466,660	10,223,524	(47)
Foreign and withholding tax	-	2,475,450	(100)
Total income tax expense	28,150,885	36,374,984	(23)

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

7. Earnings per share

	Group	
	6 months ended 31 December	
	2022	**2021**
Profit net of tax attributable to owners of the parent (RM)	99,318,923	94,747,446
Weighted average number of ordinary shares for basic earnings per share computation *	2,509,861,663	2,675,903,709
Basic earnings per share (RM sen)	3.96	3.54
Weighted average number of ordinary shares for diluted earnings per share computation **	2,515,861,663	2,682,003,709
Diluted earnings per share (RM sen)	3.95	3.53

* 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 period.

** The weighted average number of shares has taken into account the weighted average effect of dilution shares under Silverlake Axis Ltd. Performance Share Plan of 6,000,000 (31 December 2021: 6,100,000) shares.

8. Investments in subsidiaries

	Company	
	As at 31 December 2022 RM	**As at 30 June 2022 RM**
Shares at cost, unquoted		
At beginning of the year	2,411,130,014	2,353,459,541
Disposal of subsidiaries	(109,447,055)	-
Contribution to subsidiaries	71,764,038	2,012,850
Currency translation differences	93,727,362	55,657,623
At end of the period/year	2,467,174,359	2,411,130,014
Accumulated impairment loss		
At beginning of the year	299,591,513	292,667,283
Currency translation differences	11,714,280	6,924,230
At end of the period/year	311,305,793	299,591,513
Net carrying amount	2,155,868,566	2,111,538,501

In the previous 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% and discount rate ranging from 12% to 14%, varying in accordance to country and industry, taking into consideration the nature and basis for valuation adjustments and calculations. There was no impairment indicator as at 31 December 2022.

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 RM37,675,247 in the income statement for the financial period ended 31 December 2022 and contributed RM71,764,038 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.

In the previous financial year, the Company contributed RM2,012,850 to a subsidiary as a result of the shares granted and released to key management personnel and contract employee pursuant to the Silverlake Axis Ltd. Performance Share Plan.

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

9. Investment in an associate

	Group	
	As at 31 December 2022 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 period	(343,278)	-
Currency translation differences	232,682	-
At end of the period/year	6,008,078	6,118,674

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 10.

10. Derivative asset

	Group	
	As at 31 December 2022 RM	**As at 30 June 2022 RM**
Financial asset at fair value	1,181,520	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 9(b), accounted for as a derivative asset in accordance with SFRS(I) 9 Financial Instruments. The derivative asset is exercisable in the financial year ending 30 June 2024 and any subsequent changes in fair value shall be recognised in profit or loss.

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

11. Trade and other receivables

	Group		Company	
	As at 31 December 2022 RM	**As at 30 June 2022 RM**	**As at 31 December 2022 RM**	**As at 30 June 2022 RM**
Trade receivables				
Third parties	167,338,786	124,625,632	-	-
Less: Expected credit losses	(7,716,179)	(7,634,980)	-	-
Net trade receivables	159,622,607	116,990,652	-	-
Other receivables				
Sundry receivables	7,136,709	7,234,733	151,119	46,718
Deposits	3,763,841	3,418,351	-	-
	10,900,550	10,653,084	151,119	46,718
Total trade and other receivables	170,523,157	127,643,736	151,119	46,718

12. Contract assets/(liabilities)

	Group	
	As at 31 December 2022 RM	**As at 30 June 2022 RM**
Contract assets		
Amounts due from customers for contract work-in-progress	80,891,172	65,376,171
Advance maintenance costs	8,744,177	7,509,710
Prepaid license and hardware costs	14,156,977	1,610,151
	103,792,326	74,496,032
Less: Expected credit losses	(567,013)	(567,013)
Net contract assets	103,225,313	73,929,019
Contract liabilities		
Amounts due to customers for contract work-in-progress	(25,138,587)	(42,090,688)
Advance maintenance fees	(62,330,458)	(77,114,922)
Deferred revenue	(11,067,406)	(11,952,764)
	(98,536,451)	(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.

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.

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

13. Net asset value

	Group		Company	
	As at 31 December 2022	As at 30 June 2022	As at 31 December 2022	As at 30 June 2022
	sen	sen	sen	sen
Net asset value per ordinary share *	39.65	38.32	91.75	90.19

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

14. Share capital, share premium and treasury shares

(a) Ordinary share capital

(i) Authorised

	Group and Company	
	Number of ordinary shares of USD0.02 each	
	As at 31 December 2022	As at 30 June 2022
At beginning of the year	-	5,000,000,000
At end of the period/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 31 December 2022	As at 30 June 2022	As at 31 December 2022	As at 30 June 2022
			RM	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 period/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 Interim Consolidated Financial Statements (cont'd)

14. Share capital, share premium and treasury shares (cont'd)

(b) Share premium

	Group		Company	
	As at 31 December 2022	**As at 30 June 2022**	**As at 31 December 2022**	**As at 30 June 2022**
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 16) *	-	1,467,662,161	-	-
At end of the period/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 31 December 2022	**As at 30 June 2022**
Total number of issued shares	2,696,472,800	2,696,472,800
Less: Treasury shares	(189,705,679)	(186,132,479)
Total number of issued shares excluding treasury shares	2,506,767,121	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 (Note (i)(a))	1,432,400	1,309,938
- Off-market acquisition on equal access scheme (Note (i)(b))	170,230,988	177,264,081
Release of treasury shares pursuant to Performance Share Plan (Note (ii))	(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 (Note (i)(a))	3,573,200	4,312,475
At 31 December 2022	189,705,679	202,088,178

(i) Purchase of treasury shares

During the financial year, the Company purchased 3,573,200 (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:

(a) 3,573,200 (FY2022: 1,432,400) shares by way of market acquisition for a total consideration of RM4,312,475 (FY2022: RM1,309,938); and

(b) 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.

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

14. Share capital, share premium and treasury shares (cont'd)

(d) Treasury shares (cont'd)

(ii) Release of treasury shares pursuant to Performance Share Plan

On 2 June 2022, 6,100,000 PSP shares were awarded and released from the Company's existing treasury shares to Group Managing Director, key management personnel and contract employee, in recognition of their services and contribution to the Group for the financial year ended 30 June 2021, as follows:

(a) 4,100,000 PSP shares were awarded and released at the market price of SGD0.315 per share at grant date, amounted to RM4,126,342 to the Group Managing Director; and

(b) 2,000,000 PSP shares were awarded and released at the market price of SGD0.315 per share at grant date, amounted to RM2,012,850 to 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 RM428,769 was recognised in the loss on reissuance of treasury shares reserve.

The percentage of treasury shares over total ordinary shares net of treasury shares amounts to 7.6% (FY2022: 7.4%).

15. Other reserves

	Group		Company	
	As at 31 December 2022	As at 30 June 2022	As at 31 December 2022	As at 30 June 2022
Foreign currency translation reserve	57,968,069	48,551,474	155,614,275	67,786,715
Capital reserve	466,828	466,828	-	-
Statutory reserve	141,159	141,159	-	-
Performance share plan reserve	6,987,168	-	6,987,168	-
Fair value reserve of financial assets at FVOCI	(134,701,930)	(111,833,934)	-	-
Loss on reissuance of treasury shares	(428,769)	(428,769)	(428,769)	(428,769)
	(69,567,475)	(63,103,242)	162,172,674	67,357,946

These reserves are not available for dividend distribution to shareholders.

16. Merger deficit

	Group	
	As at 31 December 2022 RM	As at 30 June 2022 RM
At beginning of the year	1,943,942,990	476,280,829
Reclassification from share premium (Note 14(b))	-	1,467,662,161
At end of the period/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.

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

17. Loans and borrowings

	Group		Company	
	As at 31 December 2022	As at 30 June 2022	As at 31 December 2022	As at 30 June 2022
Amount repayable in one year or less, or on demand				
- Secured	645,895	1,016,103	-	-
- Unsecured	6,376,668	6,577,967	-	-
	7,022,563	7,594,070	-	-
Amount repayable after one year				
- Secured	864,282	587,696	-	-
- Unsecured	180,618,016	192,739,992	163,990,288	175,341,516
	181,482,298	193,327,688	163,990,288	175,341,516

(a) Secured

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

The hire purchases are secured by certain right-of-use assets of subsidiaries with a total net carrying amount of RM3,519,628 as at 31 December 2022 (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 RM396,856 and RM66,642 respectively as at 31 December 2022 (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).

18. Dividend

	Group and Company			
	As at 31 December 2022		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 period/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	56,843,142	-	-
		56,843,142		42,943,545
Proposed but not recognised as a liability as at 30 June 2022:				
Final dividend on ordinary shares, subject to shareholders' approval at the AGM			0.0070 / 0.0220	55,502,369

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

19. Significant related party transactions

	Group	
	6 months ended 31 December	
	2022	2021
	RM	RM
Sale of goods and rendering of services to related parties:		
- Software licensing	250,380	300,000
- Software project services (professional services)	4,506,950	3,690,281
- Maintenance and enhancement services	30,203,999	21,405,085
- Sale of software and hardware products	11,103,586	95,511
Service fees paid to related parties	2,071,399	3,100,355
Administrative expenses paid to related parties	262,664	1,071,477
Data centre and infrastructure support expenses paid to related parties	1,422,372	1,242,889
Other costs reimbursed from related parties	11,737	11,460
Rental paid to related parties	38,880	46,530
Rental paid by related parties	107,369	119,917
Interest income from a related party	168	-

20. 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.

<u>Fair value hierarchy</u>

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 financial period and previous financial year.

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

20. 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 31 December 2022								
Financial assets:								
Non-current assets								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	1,750,000	-	-	1,750,000	-	-	-	-
Derivative asset (Note 10)	-	-	1,181,520	1,181,520	-	-	-	-
	1,750,000	-	1,181,520	2,931,520	-	-	-	-
Current assets								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	183,055,801	-	-	183,055,801	-	-	-	-
Financial assets at fair value through profit or loss - money market fund	-	41,102,366	-	41,102,366	-	-	-	-
	183,055,801	41,102,366	-	224,158,167	-	-	-	-
Financial assets as at 31 December 2022	184,805,801	41,102,366	1,181,520	227,089,687	-	-	-	-
As at 30 June 2022								
Financial assets:								
Non-current assets								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	1,645,000	-	-	1,645,000	-	-	-	-
Derivative asset (Note 10)	-	-	1,137,060	1,137,060	-	-	-	-
	1,645,000	-	1,137,060	2,782,060	-	-	-	-
Current assets								
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 end of the current and previous reporting period.

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

21. 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 interim 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 period 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		
	6 months ended 31 December		
	2022 RM	**2021 RM**	**Change %**
Revenue			
South East Asia	318,233,722	287,213,143	11
North East Asia	14,770,887	15,642,299	(6)
South Asia	26,734,599	21,007,519	27
Middle East	14,915,658	10,647,197	40
Americas	1,602,956	2,273,045	(29)
Africa	5,951,966	7,135,368	(17)
Europe	10,067,126	14,603,937	(31)
Total	392,276,914	358,522,508	9

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

21. 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
6 months ended 31 December 2022									
Revenue:									
External customers	55,996,229	40,940,801	249,787,731	17,281,422	26,339,764	1,930,967	-	-	392,276,914
At a point in time	6,622,816	-	-	17,281,422	21,369,128	-	-	-	45,273,366
Over time	49,373,413	40,940,801	249,787,731	-	4,970,636	1,930,967	-	-	347,003,548
Inter-segment	-	-	-	-	-	-	58,873,360	(58,873,360) (1)	-
Results:									
Finance income	282,238	380,870	1,718,931	94,747	181,141	26,036	1,799,454	-	4,483,417
Finance costs	(139,842)	(365,236)	(759,294)	(9,936)	(75,183)	(11,188)	(2,421,561)	-	(3,782,240)
Selling and distribution costs	(2,064,229)	(3,019,323)	(10,894,925)	(961,150)	(1,509,326)	(232,608)	(4,313,755)	-	(22,995,316)
Depreciation of property, plant and equipment	(148,832)	(248,499)	(890,821)	(40,746)	(327,375)	(35,737)	(86,394)	-	(1,778,404)
Depreciation of right-of-use assets	(571,314)	(630,213)	(2,491,211)	(105,677)	(161,868)	(37,653)	(157,593)	-	(4,155,529)
Amortisation of intangible assets	(10,958,493)	-	(865,844)	-	(931,033)	(189,097)	(428,111)	-	(13,372,578)
Share of loss of an associate	-	-	-	-	-	-	(343,278)	-	(343,278)
Reversal of provision for foreseeable losses	-	463,515	-	-	-	-	-	-	463,515
Dividend income from financial assets									
- quoted equity shares	-	-	-	-	-	-	42,000	-	42,000
Other non-cash income/(expense)	67,537	143,102	1,330,642	163,313	445,812	(16,678)	(6,838,749)	-	(4,705,021)
Segment profit/(loss)	32,404,067	6,520,682	136,201,691	(68,668)	17,011,157	(320,789)	(63,882,380)	-	127,865,760
As at 31 December 2022									
Assets:									
Capital expenditure	35,278,770	356,214	1,936,678	36,303	1,016,412	4,041	1,206,485	-	39,834,903
Segment assets	172,102,546	208,081,073	554,943,223	21,348,604	94,567,217	5,427,980	375,016,776	53,780,814 (2)	1,485,268,233
Segment liabilities	22,418,957	41,642,836	165,510,307	4,309,246	12,034,977	1,016,471	180,407,869	50,592,196 (2)	477,932,859

(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.

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

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

21. 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
6 months ended 31 December 2021									
Revenue:									
External customers	40,276,429	41,917,238	252,208,428	5,918,095	17,493,131	709,187	-	-	358,522,508
At a point in time	2,125,054	-	-	5,918,095	13,588,752	-	-	-	21,631,901
Over time	38,151,375	41,917,238	252,208,428	-	3,904,379	709,187	-	-	336,890,607
Inter-segment	-	-	-	-	-	-	49,433,624	(49,433,624) (1)	-
Results:									
Finance income	142,525	219,441	887,526	4,018	71,501	7,763	77,201	-	1,409,975
Finance costs	(96,063)	(535,238)	(577,706)	(7,015)	(11,397)	(2,796)	(309,155)	-	(1,539,370)
Selling and distribution costs	(1,809,470)	(2,226,662)	(8,695,517)	(289,319)	(1,309,674)	(163,240)	(3,275,610)	-	(17,769,492)
Depreciation of property, plant and equipment	(143,883)	(247,994)	(991,276)	(16,699)	(334,452)	(20,596)	(47,589)	-	(1,802,489)
Depreciation of right-of-use assets	(587,457)	(811,252)	(2,792,360)	(60,450)	(269,309)	(20,992)	(136,006)	-	(4,677,826)
Amortisation of intangible assets	(9,920,984)	(65,722)	(880,175)	-	(931,033)	-	-	-	(11,797,914)
Other non-cash (expenses)/income	(59,464)	426,164	1,531,005	(9,676)	162,127	8,204	(5,061,555)	-	(3,003,195)
Segment profit/(loss)	20,777,067	8,339,958	158,462,475	642,966	8,179,566	(241,670)	(65,033,198)	-	131,127,164
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 – Half year period ended 31 December 2022 ("1H FY2023") vs Half year period ended 31 December 2021 ("1H FY2022")

<u>Overview</u>

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 spread across **70** countries in Europe, Africa, the Indian subcontinent, Middle East, Asia, and the Americas. Founded in 1989, SAL has a recognised and proven track record of client retention and successful delivery of innovative and transformative solutions to its enterprise customers and their ecosystems.

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

In 1H FY2023, Group revenue grew 9% to RM392.3 million, compared to RM358.5 million recorded in 1H FY2022. The Group achieved Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") of RM146.5 million as compared to RM149.5 million in 1H FY2022, a slight decrease as a result of higher cost due to the higher inflationary environment and tight labour market that we are operating in. However, our Group's Profit After Tax ("PAT") has increased 5% to RM99.7 million in 1H FY2023.

<u>Revenue</u>
By Business Activities

	Group		
	6 months ended 31 December		
	2022 RM	2021 RM	Change %
Software licensing	55,996,229	40,276,429	39
Software project services (professional services)	40,940,801	41,917,238	(2)
Maintenance and enhancement services	249,787,731	252,208,428	(1)
Sale of software and hardware products	17,281,422	5,918,095	192
Insurance ecosystem transactions and services	26,339,764	17,493,131	51
Retail transactions processing	1,930,967	709,187	172
Total	392,276,914	358,522,508	9
Delivered through:			
• Cloud computing	11%	13%	(2%)
• Software-as-a-Service	7%	5%	2%

Project related revenue comprising software licensing and software project services (professional services) remain robust and has increased by 18% from RM82.2 million to RM96.9 million in 1H FY2023.

- Software licensing revenue increased by 39% from RM40.3 million to RM56.0 million in 1H FY2023, largely contributed by a broad base of new software license sales across SAL product lines particularly in Thailand, Indonesia, and United Arab Emirates ("UAE").

- Software project services (professional services) revenue of RM40.9 million was marginally lower by 2% as compared to prior year as the progression of actual project delivery varies from quarter to quarter. For the ongoing implementation of two new MÖBIUS contracts secured in prior year, one has been completed and went live this quarter while the other is near completion and entering maintenance mode sometime in mid-2023. Furthermore in 1H FY2023, there was additional revenue recognised from recently closed contracts from countries such as Thailand, UAE, and Malaysia, hence bringing project services revenue to a level comparable to 1H FY2022.

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

- 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 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 3% from RM270.4 million to RM278.1 million in 1H FY2023. Recurring revenue contributed more than 70% of total Group revenue and has consistently remained the key revenue driver for the Group.

- Maintenance revenue grew 3% to RM127.6 million whilst enhancement services revenue in 1H FY2023 was 5% lower at RM122.2 million. The increase in maintenance revenue was from the commencement of new maintenance contracts upon completion and cutover of several implementation projects. The revenue from enhancement services in 1H FY2023 was lower but is temporary as we will direct more resources to fulfil our enhancement services contract backlog in the second half.

- Post pandemic, insurance ecosystem transactions and services increased 51% to RM26.3 million from RM17.5 million in 1H FY2022.

  (i) Revenue from vehicle claims processing ("eClaims") has surpassed pre-COVID-19 level in all the major countries that we operate in. Claims volume has shown a significant increase in countries such as Malaysia, Singapore, and Indonesia. Our recent entry in Japan and UAE are doing well with sizeable volume increase in eClaims.
  (ii) Revenue from the processing of insurance policies ("ePolicy") saw double-digit growth in 1H FY2023 in Hong Kong, Singapore, and Indonesia.
  (iii) Revenue from TrueSight suite of productivity & analytics solutions continue to rise quarter to quarter with onboarding of more customers in the automotive and e-commerce platform industry.
  (iv) Revenue from the integration services rendered to support eClaims and ePolicy activities in 1H FY2023 was higher as a result of higher requests and demands from Hong Kong and Thailand customers.

- Revenue from retail transactions processing increased 172% to RM1.9 million in 1H FY2023. There were higher subscriptions for our cloud-based retail solution, AgoraCloud, from our retail and pharmaceutical customers in Malaysia and Singapore.

Sale of software and hardware products recorded higher revenue of RM17.3 million in 1H FY2023 as compared to RM5.9 million in the same period last year as customers invested into hardware upgrades to enhance their technology infrastructure to support core banking systems installed by the Group. There are two major hardware deals closed and recognised as revenue this year. Hardware sales in general are seasonal in nature and dependent on customer requirements.

RM42.8 million or 11% of total Group revenue was delivered via cloud computing compared to RM45.5 million or 13% in 1H FY2022, marginally lower by 2% compared to the same period last year but should increase as more and more of our customers are looking at cloud-based solution options.

Revenue from Software-as-a-Service ("SaaS") grew 57% to RM26.1 million and now constitute 7% of our total Group revenue in 1H FY2023.

Profitability

The Group recorded a gross profit of RM229.4 million in 1H FY2023, 6% higher as compared to RM216.5 million recorded in the same period last year and achieved a gross profit margin of 58% in 1H FY2023, marginally lower than the 60% achieved in 1H FY2022.

Finance income increased 218% from RM1.4 million in 1H FY2022 to RM4.5 million in 1H FY2023 as a result of higher interest earned from deposits placed with financial institutions.

As we expand and grow our business in higher inflationary environment and tight labour market, the Group incurred total expenses of RM107.6 million in 1H FY2023. This was 22% higher compared with RM88.4 million in the same period last year. This increase in expenses was anticipated and planned for in FY2023 to support growth and sustainability of our business.

- Selling and distribution costs increased from RM17.8 million to RM23.0 million in 1H FY2023 mainly due to higher spent in marketing, business development and brand awareness, with focus on sales and leads generation to grow our sales pipeline.

- Administrative expenses of RM80.9 million in 1H FY2023 was 17% higher than RM69.1 million recorded in the same period last year mainly due to higher accruals resulting from upward movement of SAL share price in the SAL Executives' Performance Share Plan, higher foreign currency exchange loss on cash reserves as a result of the depreciation of USD against MYR in 1H FY2023, higher cost associated in investments in strategic internal initiatives to harness efficiencies across the Group, as well as higher investments in human resources management to attract talent and manage employee career growth and retention.

- Finance costs increased from RM1.5 million to RM3.8 million in 1H FY2023 as the Group had higher finance costs for the revolving credit facility drawdown for a corporate exercise executed in Q4 last year.

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

Additionally, the other factors that contributed to the overall increase in total operating expenses incurred in 1H FY2023 were the resumption of land and air travel post pandemic as well as the increase in 186 headcounts to support business activities.

Whilst expenses have increased, the Group had carefully managed this to ensure this is well supported and absorbed through corresponding revenue growth. Overall, the Group's expense (selling, distribution, administrative and finance costs) over revenue ratio of 27% is within the industry benchmark of 30%. 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 RM127.9 million and EBITDA of RM146.5 million in 1H FY2023.

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

	Group		
	6 months ended 31 December		
	2022 RM	**2021 RM**	**Change %**
Current income tax ("CIT")	22,684,225	23,676,010	(4)
Deferred tax ("DT")	5,466,660	10,223,524	(47)
Foreign and withholding tax	-	2,475,450	(100)
Total income tax expense	28,150,885	36,374,984	(23)
% of CIT over Group's Profit Before Tax	18%	18%	0%
% of DT over Group's Profit Before Tax	4%	8%	(4%)
% of CIT and DT over Group's Profit Before Tax	22%	26%	(4%)

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 18% in 1H of current and prior year. As compared with 1H FY2022, deferred tax expense decreased by 47% to RM5.5 million mainly due to lower utilisation of written-down allowance of intellectual property rights in 1H FY2023 as compared with the same period last year.

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 RM99.7 million, an increase of 5% from RM94.8 million recorded in the same period last year.

(b) STATEMENTS OF FINANCIAL POSITION REVIEW

Intangible assets
Intangible assets of the Group increased from RM342.2 million as at 30 June 2022 to RM365.1 million as at 31 December 2022 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 1H FY2023.

Trade and other receivables
Trade and other receivables increased from RM127.6 million as at 30 June 2022 to RM170.5 million as at 31 December 2022 mainly due to timing of revenue billings raised during Q2 FY2023.

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

Contract assets/(liabilities)
The Group recorded net contract assets of RM4.7 million as at 31 December 2022 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 31 December 2022 RM	**As at 30 June 2022 RM**	**Change %**
Contract assets			
Amounts due from customers for contract work-in-progress *(Note (i))*	80,891,172	65,376,171	24
Advance maintenance costs *(Note (ii))*	8,744,177	7,509,710	16
Prepaid license and hardware costs *(Note (iii))*	14,156,977	1,610,151	779
Less: Expected credit losses	(567,013)	(567,013)	0
Total contract assets recognised under current assets	103,225,313	73,929,019	40
Contract liabilities			
Amounts due to customers for contract work-in-progress *(Note (i))*	(25,138,587)	(42,090,688)	(40)
Advance maintenance fees *(Note (ii))*	(62,330,458)	(77,114,922)	(19)
Deferred revenue	(11,067,406)	(11,952,764)	(7)
Total contract liabilities recognised under current liabilities	(98,536,451)	(131,158,374)	(25)
Net contract assets/(liabilities)	4,688,862	(57,229,355)	108

(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 RM55.8 million as at 31 December 2022 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 decrease in advance maintenance fees from RM69.6 million as at 30 June 2022 to RM53.6 million as at 31 December 2022 was mainly due to the recognition of maintenance revenue following the performance of services in 1H FY2023.

(iii) Prepaid license and hardware costs increased from RM1.6 million as at 30 June 2022 to RM14.2 million as at 31 December 2022 mainly due to an exclusive reseller right secured and paid in 1H 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 Entities") under the approved General Mandate for Interested Person Transactions and the Ancillary Transactions Mandate (collectively "Mandates"). These amounts vary from quarter to quarter mainly due to the timing of billings and payments received.

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 decrease in investment in quoted equity shares from RM207.9 million as at 30 June 2022 to RM184.8 million as at 31 December 2022 was due to the revaluation 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 RM25.4 million unrealised fair value loss from remeasurement of shares were recognised in Other Comprehensive Income for the financial period ended 31 December 2022.

Cash and bank balances
Cash and bank balances of the Group decreased from RM558.1 million as at 30 June 2022 to RM509.3 million as at 31 December 2022 mainly due to:

(i) cash outflow of RM56.8 million and RM18.1 million for payment of dividend to shareholders and partial repayment of revolving credit facility respectively;
(ii) cash outflow of RM31.9 million for software development expenditures and product refresh and innovation; offset by
(iii) cash inflow from operating and investing activities during 1H FY2023 i.e., RM41.4 million from operations and RM14.0 million proceeds from the redemption of money market fund.

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

Total current and non-current loans and borrowings
The Group's loans and borrowings decreased from RM200.9 million as at 30 June 2022 to RM188.5 million as at 31 December 2022 following the partial repayment of revolving credit facility in 1H FY2023.

Trade and other payables
Trade and other payables of the Group amounted to RM125.2 million as at 31 December 2022 as compared to RM117.0 million as at 30 June 2022 mainly due to higher invoice billings received in Q2 FY2023 and higher accruals of consumption tax payable in the subsequent quarter.

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 enter Year 2023, our industry is facing multiple headwinds - rising inflation, war for skilled talents, looming recession in many countries and increasingly, mass layoffs in companies particularly tech companies.

We believe in times of economic uncertainty and volatility, there will be leaders emerging in 2023. Companies with consistent growth and profitable business models and a strong balance sheet will be clear winners in this changing and volatile landscape. These companies will have the dry powder to continue to drive innovation and deliver impact and sustained value to their clients. Resilience, persistence, and a strong underlying business foundation will be key differentiating factors for success in these uncertain times.

As of the end of 1H FY2023, the Group continues to perform with revenue growing 9% to RM392.3 million and Profit After Tax increasing 5% to RM99.7 million.

Compared with the last 5 years, 1H FY2023 revenue is the highest that the Group has achieved, with a consistent growth trend over the period. Similarly, Profit After Tax of close to RM100 million in 1H FY2023 has been the highest the Group has achieved since 1H FY2020.

Our balance sheet remains strong with cash at hand of RM550.4 million as of the end of 1H FY2023 after paying off dividends of RM56.8 million for FY2022 – more than sufficient to sustain our operations and deploy into potential investments and acquisitions.

We continue our strong record of contract closures quarter to quarter. In Q2 FY2023, we closed a total of RM146.5 million in new contracts, the highest since Q3 FY2022 when we closed a total of RM96.7 million in deals. Deal flows across all our product streams remain strong.

Our total deals pipeline remains robust at RM1.8 billion. Potential deals where we have been shortlisted, in negotiation with clients or undergoing contracting currently stands at RM275 million in total, which bodes well for likely new deal closures and revenues in 2H FY2023.

All key verticals of our business grew in revenue in 1H FY2023:
- Banking grew by 6%;
- Fermion Insurance grew by 22%;
- QR, our retail AgoraCloud solution unit grew by 42%; and
- XIT, our security identification solutions unit grew by 30%.

In 1H FY2023, we secured 3 key new logo core banking clients – one in the Middle East and another 2 in Thailand.

The banking sector continues to expand and Banks continue to invest in digital transformation and improve their competitiveness from payments to lending.

- Amongst our installed base, customers continue to deploy budgets towards modernising and upgrading their core banking platforms and they look to us to provide specialist services to undertake these initiatives.

- Our new cloud native digital banking product MÖBIUS continues to gain market traction, having been chosen as the product of choice by one of the largest banks in ASEAN and is well on track for adoption by more banks. More significantly, we are seeing increased MÖBIUS enquiries from non-Silverlake customers.

- All our key banking business segments saw growth from license sales to project services, maintenance, support, enhancement, and hardware infrastructure upgrades.

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

Our insurance claims processing, ePolicy and TrueSight Analytics SaaS business grew 51% in revenue in 1H FY2023 compared to the prior year. This is one of the highest growth rates that we have achieved and we believe we can sustain this momentum going forward.

All in all, we are executing to plan on our 5-Year Business Plan and Strategy. All business sectors are on track to achieve our targeted financials for FY2023.

While cost overall has increased and impacted all businesses in the IT industry including the Group, we believe we are managing this dimension very well. Our cost to revenue ratio of 27% is well below the industry benchmark of 30% to 35%. Our profit margins remain healthy and for 1H FY2023, gross profit margin at 58% and net profit margin at 25% are in very comfortable zones.

As we look ahead, the banking industry continues to push the digital envelope and are transforming to be future ready. Some broad industry trends that we observe are:

- Accelerating momentum in digital banking rollout: As we move to the endemic stage of the pandemic, digital adoption is at peak levels and there has been a surge in the usage of digital banking services. Banks are expected to continue to invest in digital infrastructure to provide convenient, accessible, and secure services to their customers. We have complementary solutions to provide our current and prospective customer with such products.

- Focus on customer experience: Banks are investing in technologies to enhance how customers bank and interact with them, using data analytics and personalisation.

- Growth of fintech: The fintech industry continues to grow and expand, and banks are driving more collaboration and partnerships with fintech companies to offer new and innovative financial services products and offerings. We have evaluated many strategic partnerships with fintech and avenues to collaborate to provide innovative solutions to our customers.

- Greater emphasis on financial wellness: Banks are starting to recognise the importance of financial wellness and are developing new products and services to help their customers manage their finances more effectively.

- Expansion of financial inclusion: Banks are making efforts to expand financial inclusion by reaching out to underbanked populations, such as low-income individuals, and providing them with access to financial services.

- Increasing use of AI and machine learning: Banks are leveraging AI and machine learning to improve risk management, fraud detection, and customer service.

- Rising emphasis on sustainability and ESG: Banks are becoming more conscious of their impact on the environment and society, and are starting to integrate sustainability and ESG considerations into their operations and investment strategies.

Overall, in the Group, we continue to execute to our strategy and bring to scale a suite of innovative solutions for the banking, insurance, and retail industries. We also continue to invest in cloud, AI, and other technologies to expand our suite of solutions to ensure we have a strong future pipeline of products to excite our customers and grow our business.

As we continue to execute to our market and product strategy, we maintain focus on the future sustainability of our business. We will invest and work towards building and maintaining the foundation for our business and ensuring we have a seamless transition to the next phase of our growth.

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? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

The Board is of the view that dividend payment will be assessed at the end of the financial year.

8. 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 period ended 31 December 2022 by the Group in accordance with the shareholders' mandates were as follow:

Interested Person(s) [(1)]	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 31-12-22	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 31-12-22
	RM	RM
Associates of Mr. Goh Peng Ooi ("Silverlake Entities")		
- IPT Mandate [(2)]		
Revenue from Silverlake Entities	-	44,716,898
Service fees to Silverlake Entities	-	(1,576,490)
- Non-Mandate Transactions [(3)]		
Revenue from Silverlake Entities	1,348,017	-
Service fees to Silverlake Entities	(494,909)	-

(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 software project services (professional services) and maintenance services by Silverlake Holdings Sdn. Bhd. to Silverlake Entities; and provision of maintenance services by Silverlake Entities to Silverlake Structured Services Ltd.

9. Ageing for amounts owing from related parties

The ageing for amounts owing from related parties as at 31 December 2022 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 Entities [(1)]	12,680,494	8,889,439	3,307,055	484,000	-	-
Non-Mandate Transactions						
Silverlake Entities	52,518	52,518	-	-	-	-
Non-Trade Transactions						
Silverlake Entities	140,148	136,763	-	-	3,385	-
Grand Total	12,873,160	9,078,720	3,307,055	484,000	3,385	**-**
				(Note 2)	*(Note 2)*	

(1) The Audit and Risk Committee confirms that collections from the Silverlake Entities were within the mandated terms.
(2) As at 14 February 2023, the amounts due from Silverlake Entities between 61-90 days have been extended with longer credit term due to commercial reason and the amount due from Silverlake Entities between 91-180 days represents amount overpaid to Silverlake Entities which will be offset against billings in the subsequent quarters.

10. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to their attention which may render the unaudited financial statements for the financial period ended 31 December 2022 to be false or misleading in any material aspect.

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

11. 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

14 February 2023