



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

**Condensed Interim Consolidated
Financial Statements
for the six months ended 31 December 2021**

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A. Condensed Interim Consolidated Income Statement

	Note	Group		
		6 months ended 31 December		
		2021 RM	2020 RM Restated (Note 21)	Change %
Revenue	4	358,522,508	308,359,612	16
Cost of sales		(142,053,924)	(122,055,465)	16
Gross profit		216,468,584	186,304,147	16
Other items of income				
Finance income		1,409,975	718,842	96
Other income		1,686,387	8,296,237	(80)
Other items of expenses				
Selling and distribution costs		(17,769,492)	(15,748,604)	13
Administrative expenses		(69,128,920)	(67,101,995)	3
Finance costs		(1,539,370)	(12,241,738)	(87)
Share of loss of a joint venture		-	(565)	(100)
Profit before tax	5	131,127,164	100,226,324	31
Income tax expense	6	(36,374,984)	(32,699,661)	11
Profit for the period		94,752,180	67,526,663	40
Profit for the period attributable to:				
Owners of the parent		94,747,446	67,529,479	40
Non-controlling interests		4,734	(2,816)	(268)
		94,752,180	67,526,663	40
Earnings per share attributable to the owners of the parent:				
- Basic (sen)	7	3.54	2.62	35
- Diluted (sen)	7	3.53	2.51	41

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B. Condensed Interim Consolidated Statement of Comprehensive Income

	Group		
	6 months ended 31 December		
	2021	2020	Change
	RM	RM	%
Profit for the period	94,752,180	67,526,663	40
Other comprehensive loss:			
Items that may be reclassified to profit or loss in the subsequent periods:			
- Foreign currency translation loss	(4,786,660)	(24,089,217)	(80)
- Share of foreign currency translation loss of a joint venture	-	(22)	(100)
	<u>(4,786,660)</u>	<u>(24,089,239)</u>	<u>(80)</u>
Items that will not be reclassified to profit or loss in the subsequent periods:			
- Fair value gain/(loss) on financial assets - quoted equity shares	6,021,487	(17,178,588)	(135)
- Deferred tax relating to fair value (gain)/loss on financial assets - quoted equity shares	(567,860)	1,781,344	(132)
- Deferred tax relating to actuarial gain on defined benefit plans	(76,851)	(15,487)	396
	<u>5,376,776</u>	<u>(15,412,731)</u>	<u>(135)</u>
Other comprehensive income/(loss) for the period, net of tax	590,116	(39,501,970)	(101)
Total comprehensive income for the period	<u>95,342,296</u>	<u>28,024,693</u>	<u>240</u>
Total comprehensive income for the period attributable to:			
Owners of the parent	95,337,562	28,027,509	240
Non-controlling interests	4,734	(2,816)	(268)
	<u>95,342,296</u>	<u>28,024,693</u>	<u>240</u>

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C. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31 December 2021 RM	30 June 2021 RM	31 December 2021 RM	30 June 2021 RM
ASSETS					
Non-current assets					
Property, plant and equipment		11,134,449	11,592,903	15,084	1,936
Right-of-use assets		20,904,246	26,071,251	-	-
Intangible assets		324,517,043	317,327,488	-	-
Investments in subsidiaries	8	-	-	2,060,792,258	2,060,792,258
Financial assets at fair value through other comprehensive income - quoted equity shares		945,000	-	-	-
Deferred tax assets		52,714,047	60,210,484	-	-
		410,214,785	415,202,126	2,060,807,342	2,060,794,194
Current assets					
Inventories		565,592	622,071	-	-
Trade and other receivables	9	153,274,251	138,917,765	2,969	3,553
Contract assets	10	36,205,682	58,594,091	-	-
Prepayments		3,019,182	3,340,056	58,243	112,210
Amounts due from subsidiaries		-	-	203,960,796	203,662,763
Amounts due from related parties		9,630,460	8,035,057	-	-
Loans to subsidiaries		-	-	-	29,157,975
Tax recoverable		6,913,239	5,854,048	-	-
Financial assets at fair value through other comprehensive income - quoted equity shares		294,053,642	288,154,976	-	-
Financial assets at fair value through profit or loss - money market fund		46,337,948	27,665,942	-	-
Derivative asset	11	752,296	752,296	752,296	752,296
Cash and bank balances		501,542,278	417,118,185	99,024,065	72,936,631
		1,052,294,570	949,054,487	303,798,369	306,625,428
Total assets		1,462,509,355	1,364,256,613	2,364,605,711	2,367,419,622
EQUITY AND LIABILITIES					
Equity					
Share capital	13(b)	1,845,200,087	191,040,654	1,845,200,087	191,040,654
Share premium	13(c)	-	186,497,272	-	1,654,159,433
Treasury shares	13(e)	(25,769,645)	(25,769,645)	(25,769,645)	(25,769,645)
Foreign currency translation reserve		26,242,814	31,029,474	12,090,542	12,090,091
Capital reserve		466,828	466,828	-	-
Statutory reserve		141,159	141,159	-	-
Performance share plan reserve		5,177,101	-	5,177,101	-
Fair value reserve of financial assets at fair value through other comprehensive income		(24,128,415)	(29,582,042)	-	-
Merger deficit	14	(1,943,942,990)	(476,280,829)	-	-
Retained profits		1,228,600,479	1,176,873,429	525,094,290	532,259,060
Equity attributable to owners of the parent		1,111,987,418	1,054,416,300	2,361,792,375	2,363,779,593
Non-controlling interests		56,922	52,188	-	-
Total equity		1,112,044,340	1,054,468,488	2,361,792,375	2,363,779,593

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

	Note	Group		Company	
		31 December 2021 RM	30 June 2021 RM	31 December 2021 RM	30 June 2021 RM
EQUITY AND LIABILITIES (cont'd)					
Non-current liabilities					
Loans and borrowings	15	12,493,247	16,831,002	-	-
Deferred tax liabilities		53,249,947	50,167,076	-	-
Provision for defined benefit liabilities		12,324,741	11,886,913	-	-
		78,067,935	78,884,991	-	-
Current liabilities					
Trade and other payables		74,643,779	76,922,903	1,629,363	1,875,542
Contract liabilities	10	150,993,025	108,820,801	-	-
Loans and borrowings	15	8,576,644	9,380,879	-	-
Put liability	16	19,778,865	18,659,307	-	-
Provision for defined benefit liabilities		112,895	116,680	-	-
Amounts due to subsidiaries		-	-	1,183,973	1,640,659
Amounts due to related parties		763,345	1,367,305	-	123,828
Tax payable		17,528,527	15,635,259	-	-
		272,397,080	230,903,134	2,813,336	3,640,029
Total liabilities		350,465,015	309,788,125	2,813,336	3,640,029
Net current assets		779,897,490	718,151,353	300,985,033	302,985,399
Total equity and liabilities		1,462,509,355	1,364,256,613	2,364,605,711	2,367,419,622

D. Condensed Interim Statements of Changes in Equity

		Attributable to owners of the parent												
		←----- Non-distributable -----→												
Group	Note	Share capital (Note 13(b)) RM	Share premium (Note 13(c)) RM	Treasury shares (Note 13(e)) RM	Foreign currency translation reserve RM	Capital reserve RM	Statutory reserve RM	Performance share plan reserve RM	Fair value reserve of financial assets at FVOCI RM	Merger deficit (Note 14) 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)	31,029,474	466,828	141,159	-	(29,582,042)	(476,280,829)	1,176,873,429	1,054,416,300	52,188	1,054,468,488
Profit for the period		-	-	-	-	-	-	-	-	-	94,747,446	94,747,446	4,734	94,752,180
Other comprehensive (loss)/income for the period		-	-	-	(4,786,660)	-	-	-	5,453,627	-	(76,851)	590,116	-	590,116
Total comprehensive (loss)/income for the period		-	-	-	(4,786,660)	-	-	-	5,453,627	-	94,670,595	95,337,562	4,734	95,342,296
<u>Transactions with owners</u>														
Reclassification of share premium - transition to no par value concept	13(b)(c)	1,654,159,433	(1,654,159,433)	-	-	-	-	-	-	-	-	-	-	-
Reversal of share premium set-off against merger deficit for business combinations involving entities under common control	13(c), 14	-	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	17	-	-	-	-	-	-	-	-	-	(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)	26,242,814	466,828	141,159	5,177,101	(24,128,415)	(1,943,942,990)	1,228,600,479	1,111,987,418	56,922	1,112,044,340

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

		Attributable to owners of the parent												
		←----- Non-distributable -----→												
Group	Note	Share capital RM	Share premium RM	Treasury shares RM	Foreign currency translation reserve RM	Capital reserve RM	Statutory reserve RM	Performance share plan reserve RM	Fair value reserve of financial assets at FVOCI RM	Merger deficit RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
2021														
At 1 July 2020		191,040,654	236,820,722	(138,541,079)	42,565,456	466,828	21,819	-	(18,981,218)	(476,280,829)	909,494,306	746,606,659	60,476	746,667,135
Profit for the period		-	-	-	-	-	-	-	-	-	67,529,479	67,529,479	(2,816)	67,526,663
Other comprehensive loss for the period		-	-	-	(24,089,239)	-	-	-	(15,397,244)	-	(15,487)	(39,501,970)	-	(39,501,970)
Total comprehensive (loss)/income for the period		-	-	-	(24,089,239)	-	-	-	(15,397,244)	-	67,513,992	28,027,509	(2,816)	28,024,693
<u>Transactions with owners</u>														
Purchase of treasury shares		-	-	(14,623,592)	-	-	-	-	-	-	-	(14,623,592)	-	(14,623,592)
Grant of shares under Performance Share Plan		-	-	-	-	-	-	3,697,245	-	-	-	3,697,245	-	3,697,245
Release of shares under Performance Share Plan		-	(1,891,755)	5,589,000	-	-	-	(3,697,245)	-	-	-	-	-	-
Fair value adjustment on contingent consideration for business combination		-	-	-	-	-	-	-	-	-	142,722,527	142,722,527	-	142,722,527
Dividends on ordinary shares	17	-	-	-	-	-	-	-	-	-	(25,840,294)	(25,840,294)	-	(25,840,294)
Total transactions with owners in their capacity as owners		-	(1,891,755)	(9,034,592)	-	-	-	-	-	-	116,882,233	105,955,886	-	105,955,886
At 31 December 2020		191,040,654	234,928,967	(147,575,671)	18,476,217	466,828	21,819	-	(34,378,462)	(476,280,829)	1,093,890,531	880,590,054	57,660	880,647,714

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

		Attributable to owners of the parent						
		<----- Non-distributable ----->						
Company	Note	Share capital (Note 13(b)) RM	Share premium (Note 13(c)) RM	Treasury shares (Note 13(e)) RM	Foreign currency translation reserve RM	Performance share plan reserve RM	Distributable retained profits RM	Total equity RM
2022								
At 1 July 2021								
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
<u>Transactions with owners</u>								
Reclassification of share premium - transition to no par value concept	13(b)(c)	1,654,159,433	(1,654,159,433)	-	-	-	-	-
Grant of shares under Performance Share Plan	17	-	-	-	-	5,177,101	-	5,177,101
Dividends on ordinary shares		-	-	-	-	-	(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)	12,090,542	5,177,101	525,094,290	2,361,792,375
2021								
At 1 July 2020								
Profit for the period		-	-	-	-	-	278,908,324	278,908,324
Total comprehensive income for the period		-	-	-	-	-	278,908,324	278,908,324
<u>Transactions with owners</u>								
Purchase of treasury shares		-	-	(14,623,592)	-	-	-	(14,623,592)
Grant of shares under Performance Share Plan		-	-	-	-	3,697,245	-	3,697,245
Release of shares under Performance Share Plan		-	(1,891,755)	5,589,000	-	(3,697,245)	-	-
Fair value adjustment on contingent consideration for business combination		-	-	-	-	-	142,722,527	142,722,527
Dividends on ordinary shares	17	-	-	-	-	-	(25,840,294)	(25,840,294)
Total transactions with owners in their capacity as owners		-	(1,891,755)	(9,034,592)	-	-	116,882,233	105,955,886
At 31 December 2020		191,040,654	1,702,591,128	(147,575,671)	-	-	605,233,172	2,351,289,283

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E. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		6 months ended 31 December	
		2021 RM	2020 RM Restated (Note 21)
Operating activities:			
Profit before tax		131,127,164	100,226,324
Adjustments for:			
Amortisation of intangible assets	5	11,797,914	11,661,427
Depreciation of property, plant and equipment		1,802,489	1,948,188
Depreciation of right-of-use assets		4,677,826	5,183,401
Write off of property, plant and equipment		459	(3,973)
Net loss on disposal of property, plant and equipment		-	187,240
Loss/(Gain) on disposal of right-of-use assets		1	(99,131)
Net gain on lease modifications		-	(119,355)
Net distribution from a joint venture upon liquidation		-	(1,026)
Bad debts written off		21,146	8,657
Reversal of expected credit losses on trade receivables		(23,603)	(1,501,018)
Reversal of provision for foreseeable losses		-	(521,037)
Dividend income from financial assets - quoted equity shares		-	(981,624)
Gain on redemption of financial assets - money market fund		(136,592)	(360,528)
Net unrealised foreign currency exchange (gain)/loss		(220,687)	1,487,172
Performance shares issued		5,177,101	3,697,245
Reversal of allowance for unutilised leave		(2,630,410)	(2,489,085)
Allowance for defined benefit liabilities		815,780	730,379
Share of loss of a joint venture		-	565
Finance costs		1,539,370	12,241,738
Finance income		(1,409,975)	(718,842)
Total adjustments		21,410,819	30,350,393
Operating cash flows before changes in working capital		152,537,983	130,576,717
Changes in working capital:			
Inventories		30,402	71,082
Trade and other receivables		(15,457,602)	22,190,718
Contract assets/liabilities		65,560,919	(32,926,726)
Amounts due from/to related parties		(2,193,904)	(9,421,343)
Trade and other payables		1,811,829	(7,798,566)
Total changes in working capital		49,751,644	(27,884,835)
Cash flows from operations		202,289,627	102,691,882
Net uplift of deposits pledged		884,719	264,562
Defined benefits paid		-	(382,937)
Income tax paid		(25,234,021)	(23,135,505)
Interest paid		(419,812)	(1,437,283)
Net cash flows from operating activities		177,520,513	78,000,719
Investing activities:			
Purchases of property, plant and equipment		(1,043,029)	(576,055)
Purchases of right-of-use assets		-	(62,137)
Payments for software development expenditure		(20,720,956)	(17,010,570)
Payments for other intangible assets		(1,657,392)	(15,624)
Proceeds from distribution from a joint venture upon liquidation		-	1,142
Proceeds from disposal of property, plant and equipment		445	143
Proceeds from disposal of right-of-use assets		5,100	160,807
Proceeds from redemption of financial assets - money market fund		469,584	20,798,250
Purchases of financial assets - money market fund		(19,004,999)	(19,222,337)
Purchases of financial assets - quoted equity shares		(735,000)	-
Interest received		1,358,621	748,053
Dividend income received		-	981,624
Net uplift of short-term deposits		-	10,027,500
Net cash flows used in investing activities		(41,327,626)	(4,169,204)

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

	Note	Group	
		6 months ended 31 December	
		2021 RM	2020 RM Restated (Note 21)
Financing activities:			
Dividends paid	17	(42,943,545)	(25,840,294)
Purchase of treasury shares		-	(14,623,592)
Proceeds from revolving credit		-	2,002,000
Repayment of term loan and revolving credit		(124,441)	(42,848,582)
Payment of principal portion of lease liabilities		(4,881,499)	(5,503,076)
Net cash flows used in financing activities		(47,949,485)	(86,813,544)
Net increase/(decrease) in cash and cash equivalents		88,243,402	(12,982,029)
Effects of exchange rate changes on cash and cash equivalents		(2,934,590)	(5,519,960)
Cash and cash equivalents at beginning of the year		407,341,135	476,424,016
Cash and cash equivalents at end of the period		492,649,947	457,922,027

	Group	
	6 months ended 31 December	
	2021 RM	2020 RM
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:		
Cash and bank balances per Statements of Financial Position	501,542,278	467,267,304
Less: Pledged deposits	(8,892,331)	(9,345,277)
Cash and cash equivalents at end of the period	492,649,947	457,922,027

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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. The holding company was Intelligentsia Holding Ltd., a corporation incorporated in Bermuda.

On 23 September 2021, the Company transferred its domicile from Bermuda to Singapore and it is now registered in Singapore. Upon the registration in Singapore, the address of its registered office is 80 Robinson Road, #02-00 Singapore 068898.

On 24 November 2021, Intelligentsia Holding Ltd. disposed its entire investment in the Company to Zezz FundQ Pte. Ltd. ("Zezz"). Zezz, an exempt private company incorporated in Singapore, is now the holding company of the Company.

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

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 2021. 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") for annual periods beginning on 1 July 2021 in conjunction with the re-domiciliation of the Company. SFRS(I)s are equivalent to International Financial Reporting Standards ("IFRSs"). The change in application of accounting standards of the Group from IFRSs to SFRS(I)s does not have any significant impact on the financial performance and position of the Group and of the Company.

The condensed interim financial statements for the six months ended 31 December 2021 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 2021.

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 2021, 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 2021:

Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 - Interest Rate Benchmark Reform - Phase 2

The adoption of the above standards does not have significant impact 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
Amendments to SFRS(I) 3 Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1-16 Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to SFRS(I) 1-37 Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022
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	1 January 2022

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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
Annual Improvements to SFRS(I)s 2018 - 2020 Cycle	
- Amendments to SFRS(I) 9 Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
- Amendments to SFRS(I) 1-41 Agriculture - Taxation in Fair Value Measurements	1 January 2022
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current	1 January 2023
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
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) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

2.3 Use of estimates and judgements

The preparation of the Group's condensed 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 2021.

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

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

(a) Measurement of progress towards complete satisfaction of software project services

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

Significant judgement is required in determining the progress towards complete satisfaction of software project services, the extent of the contract costs incurred and the estimated total contract costs, as well as the recoverability of the contract costs. In making the estimation, the Group evaluates based on its past experience of similar types of contracts.

(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 2021. 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 2021. 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 2021 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 2021 are disclosed in Note 9 and Note 10 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.

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

	Group		
	6 months ended 31 December		
	2021	2020	Change
	RM	RM	%
Sale of goods or rendering of services			
Software licensing	40,276,429	22,227,010	81
Software project services	41,917,238	29,870,982	40
Maintenance and enhancement services	252,208,428	236,143,574	7
Sale of software and hardware products	5,918,095	1,990,676	197
Insurance ecosystem transactions and services	17,493,131	17,804,487	(2)
Retail transactions processing	709,187	322,883	120
Total revenue from contracts with customers	358,522,508	308,359,612	16

5. Profit before tax

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

	Group		
	6 months ended 31 December		
	2021	2020	Change
	RM	RM	%
Amortisation of intangible assets	(11,797,914)	(11,661,427)	1
Depreciation of property, plant and equipment	(1,802,489)	(1,948,188)	(7)
Depreciation of right-of-use assets	(4,677,826)	(5,183,401)	(10)
Write off of property, plant and equipment	(459)	3,973	(112)
Net loss on disposal of property, plant and equipment	-	(187,240)	(100)
(Loss)*/Gain** on disposal of right-of-use assets	(1)	99,131	(100)
Net gain on lease modifications	-	119,355	(100)
Net distribution from a joint venture upon liquidation**	-	1,026	(100)
Bad debts written off*	(21,146)	(8,657)	144
Reversal of expected credit losses on trade receivables**	23,603	1,501,018	(98)
Reversal of provision for foreseeable losses	-	521,037	(100)
Dividend income from financial assets - quoted equity shares**	-	981,624	(100)
Gain on redemption of financial assets - money market fund	136,592	360,528	(62)
Net foreign currency exchange (loss)*/gain**:			
- realised	(1,051,085)	(4,433,150)	(76)
- unrealised	220,687	(1,487,172)	(115)
Performance shares issued	(5,177,101)	(3,697,245)	40
Reversal of allowance for unutilised leave	2,630,410	2,489,085	6
Allowance for defined benefit liabilities	(815,780)	(730,379)	12
Adjustments for over provision of tax in respect of prior years	445,300	555,524	(20)

* Included in other operating expenses

** Included in other operating income

6. Income tax expense

	Group		
	6 months ended 31 December		
	2021	2020	Change
	RM	RM	%
Current income tax	23,676,010	24,045,414	(2)
Deferred tax	10,223,524	8,555,728	19
Foreign and withholding tax	2,475,450	98,519	2413
Total income tax expense	36,374,984	32,699,661	11

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F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**7. Earnings per share**

	Group	
	6 months ended 31 December	
	2021	2020
Profit net of tax attributable to owners of the parent (RM)	94,747,446	67,529,479
Weighted average number of ordinary shares for basic earnings per share computation *	2,675,903,709	2,581,473,696
Basic earnings per share (RM sen)	3.54	2.62
Weighted average number of ordinary shares for diluted earnings per share computation **	2,682,003,709	2,687,394,873
Diluted earnings per share (RM sen)	3.53	2.51

* 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 6,100,000 shares (31 December 2020: 105,921,177 shares for settlement of contingent consideration for the acquisition of Silverlake Investment (SG) Pte. Ltd. Group).

8. Investments in subsidiaries

	Company	
	As at 31 December 2021 RM	As at 30 June 2021 RM
Shares at cost, unquoted		
At beginning of the year	2,353,459,541	2,358,991,046
Incorporation of a subsidiary	-	3
Contribution to a subsidiary	-	918,387
Liquidation of a subsidiary	-	(17,191,355)
Currency translation differences	-	10,741,460
At end of the period/year	2,353,459,541	2,353,459,541
Accumulated impairment loss		
At beginning of the year	292,667,283	125,880,513
Impairment loss for the period/year *	-	182,094,493
Liquidation of a subsidiary	-	(17,191,355)
Currency translation differences	-	1,883,632
At end of the period/year	292,667,283	292,667,283
Net carrying amount	2,060,792,258	2,060,792,258

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 0% to 4% and discount rate ranging from 12% to 13%, 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 2021.

* In the previous financial year, investment in a subsidiary was impaired by RM182,094,493 to its recoverable amount subsequent to its declaration of a dividend of RM182,653,995, following the completion of the Group's internal restructuring exercise in respect of this entity. The subsidiary has ceased operations and is expected to remain dormant for the foreseeable future.

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F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**9. Trade and other receivables**

	Group		Company	
	As at 31 December 2021 RM	As at 30 June 2021 RM	As at 31 December 2021 RM	As at 30 June 2021 RM
Trade receivables				
Third parties	151,368,273	139,354,331	-	-
Less: Expected credit losses	(8,850,816)	(9,124,618)	-	-
Net trade receivables	142,517,457	130,229,713	-	-
Other receivables				
Sundry receivables	6,992,237	5,353,127	2,969	3,553
Deposits	3,764,557	3,334,925	-	-
	10,756,794	8,688,052	2,969	3,553
Total trade and other receivables	153,274,251	138,917,765	2,969	3,553

10. Contract assets/(liabilities)

	Group	
	As at 31 December 2021 RM	As at 30 June 2021 RM
Contract assets		
Amounts due from customers for contract work-in-progress	31,143,881	49,971,123
Advance maintenance costs	4,070,694	7,280,647
Prepaid license and hardware costs	1,181,453	1,532,667
	36,396,028	58,784,437
Less: Expected credit losses	(190,346)	(190,346)
Net contract assets	36,205,682	58,594,091
Contract liabilities		
Amounts due to customers for contract work-in-progress	(75,209,629)	(16,437,686)
Advance maintenance fees	(68,123,123)	(82,070,719)
Deferred revenue	(7,660,273)	(10,312,396)
	(150,993,025)	(108,820,801)

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.

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.

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

	Group and Company	
	As at 31 December 2021 RM	As at 30 June 2021 RM
Financial asset at fair value	752,296	752,296

This represents the fair value of call option in connection with the acquisition of the remaining 20% equity interest in SIA X Infotech Group, accounted for as a derivative asset in accordance with SFRS(I) 9 Financial Instruments.

12. Net asset value

	Group		Company	
	As at 31 December 2021 sen	As at 30 June 2021 sen	As at 31 December 2021 sen	As at 30 June 2021 sen
Net asset value per ordinary share *	41.56	39.40	88.26	88.34

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

13. Share capital, share premium and treasury shares**(a) Authorised share capital**

	Group and Company	
	Number of ordinary shares of USD0.02 each	
	As at 31 December 2021	As at 30 June 2021
At beginning and end of the period/year	5,000,000,000	5,000,000,000

(b) Issued and fully paid share capital

	Group and Company			
	Number of ordinary shares of USD0.02 each		Amount	
	As at 31 December 2021	As at 30 June 2021	As at 31 December 2021 RM	As at 30 June 2021 RM
At beginning of the year	2,696,472,800	2,696,472,800	191,040,654	191,040,654
Reclassification from share premium (Note c)*	-	-	1,654,159,433	-
At end of the period/year	2,696,472,800	2,696,472,800	1,845,200,087	191,040,654

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

* Pursuant to Singapore Companies Act 1967 (formerly known as Singapore Companies Act (Chapter 50)) Sections 62A and 62B, there is no par value concept ("No Par Value Concept") after 30 January 2006. Accordingly, the Company reclassified the "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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F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**13. Share capital, share premium and treasury shares (cont'd)****(c) Share premium**

	Group		Company	
	As at 31 December 2021	As at 30 June 2021	As at 31 December 2021	As at 30 June 2021
At beginning of the year	186,497,272	236,820,722	1,654,159,433	1,704,482,883
Arising from:				
- Release of treasury shares pursuant to Performance Share Plan	-	(1,848,623)	-	(1,848,623)
- Release of treasury shares for payment of contingent consideration for business combination (Note e)	-	(48,474,827)	-	(48,474,827)
- Reclassification to share capital (Note b)	(1,654,159,433)	-	(1,654,159,433)	-
- Reversal of set-off (Note 14) *	1,467,662,161	-	-	-
At end of the period/year	-	186,497,272	-	1,654,159,433

* 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 and the Acquisition Share Premium will no longer be set-off against the merger deficit arising from the acquisition.

(d) Total number of issued shares excluding treasury shares

	Group and Company	
	As at 31 December 2021	As at 30 June 2021
Total number of issued shares	2,696,472,800	2,696,472,800
Less: Treasury shares	(20,569,091)	(20,569,091)
Total number of issued shares excluding treasury shares	2,675,903,709	2,675,903,709

(e) Treasury shares

	Group and Company	
	Number of treasury shares	RM
At 1 July 2020	107,115,868	138,541,079
Purchase of treasury shares	23,874,400	20,424,812
Release of treasury shares pursuant to Performance Share Plan	(4,500,000)	(5,545,869)
Release of treasury shares for payment of contingent consideration for business combination	(105,921,177)	(127,650,377)
At 30 June 2021/1 July 2021/31 December 2021	20,569,091	25,769,645

In the previous financial year, the Company purchased 23,874,400 shares pursuant to the share purchase mandate approved by shareholders on 27 October 2020. These shares were acquired by way of market acquisition for a total consideration of RM20,424,812 and are held as treasury shares by the Company.

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

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F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**13. Share capital, share premium and treasury shares (cont'd)****(e) Treasury shares (cont'd)**

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

- (i) 20% EOC by way of cash payment of RM57,401,360; and
- (ii) the remaining 80% EOC with the Company's shares ("EOC Shares").

Accordingly, 105,921,177 shares were released from the Company's existing treasury shares to the vendors. As the fair value of the EOC Shares, at SGD0.245 per share on date of settlement, is lower than the agreed issue price of SGD0.71 per share as stipulated in the share sale and purchase agreement, a gain of RM149,414,493 was recognised in equity in the previous financial year. The deficit on reissuance of treasury shares of RM48,474,827 was recognised in the share premium account (Note c).

The percentage of treasury shares over total ordinary shares net of treasury shares amounts to 0.8% (FY2021: 0.8%).

14. Merger deficit

	Group	
	As at 31 December 2021 RM	As at 30 June 2021 RM
At beginning of the year	476,280,829	476,280,829
Reversal of set-off (Note 13(c))	1,467,662,161	-
At end of the period/year	<u>1,943,942,990</u>	<u>476,280,829</u>

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.

15. Loans and borrowings

	Group	
	As at 31 December 2021 RM	As at 30 June 2021 RM
Amount repayable in one year or less, or on demand		
- Secured	1,172,282	1,223,933
- Unsecured	7,404,362	8,156,946
	<u>8,576,644</u>	<u>9,380,879</u>
Amount repayable after one year		
- Secured	1,004,526	1,552,988
- Unsecured	11,488,721	15,278,014
	<u>12,493,247</u>	<u>16,831,002</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 RM2,543,038 as at 31 December 2021 (RM2,913,198 as at 30 June 2021).

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F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**15. Loans and borrowings (cont'd)****(a) Secured (cont'd)**Details of any collaterals (cont'd)

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 RM171,784 and RM151,722 respectively as at 31 December 2021 (RM264,002 and RM211,510 as at 30 June 2021).

A subsidiary has a committed revolving credit facility secured by guarantee provided by the Company. There was no amount drawdown as at 31 December 2021.

(b) Unsecured

The unsecured facilities of the Group are lease liabilities which represents the present value of lease payments to be made over the lease term.

16. Put liability

	Group	
	As at 31 December 2021 RM	As at 30 June 2021 RM
Put liability at acquisition	11,939,294	11,939,294
Unwinding of discount on put liability (cumulative)	3,601,909	2,482,351
Fair value changes recognised in profit or loss (cumulative)	4,237,662	4,237,662
Put liability at end of the period/year	<u>19,778,865</u>	<u>18,659,307</u>

This represents the present value of the estimated exercise price for the put option on the remaining 20% equity interest in SIA X Infotech Group.

17. Dividend

	Group and Company			
	As at 31 December 2021		As at 30 June 2021	
	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 2020:				
- Final dividend paid per share, tax exempt (1-tier)	-	-	0.0033 / 0.0100	25,840,294
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	-	-
		<u>42,943,545</u>		<u>25,840,294</u>
Proposed but not recognised as a liability as at 30 June:				
Final dividend on ordinary shares, subject to shareholders' approval at the AGM			0.0052 / 0.0160	<u>42,933,805</u>

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F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**18. Significant related party transactions**

	Group	
	6 months ended 31 December	
	2021	2020
	RM	RM
Sale of goods and rendering of services to related parties:		
- Software licensing	300,000	9,685,925
- Software project services	3,690,281	8,831,617
- Maintenance and enhancement services	21,405,085	12,520,915
- Sale of hardware products	95,511	473,000
Service fees paid to related parties	3,100,355	3,310,957
Accounting and administrative expenses paid to related parties	1,071,477	1,213,074
Data centre and infrastructure support expenses paid to related parties	1,242,889	-
Other costs reimbursed from related parties	11,460	15,783
Rental paid to related parties	46,530	60,384
Rental paid by related parties	119,917	152,859
Purchase of property, plant and equipment from a related party	-	4,083
Purchase of intangible assets from a related party	-	3,180,000

19. 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 financial period and previous financial year.

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F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)
19. 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 2021								
Financial assets:								
<u>Non-current asset</u>								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	945,000	-	-	945,000	-	-	-	-
<u>Current assets</u>								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	294,053,642	-	-	294,053,642	-	-	-	-
Financial assets at fair value through profit or loss - money market fund	-	46,337,948	-	46,337,948	-	-	-	-
Derivative asset (Note 11)	-	-	752,296	752,296	-	-	752,296	752,296
Financial assets as at 31 December 2021	294,998,642	46,337,948	752,296	342,088,886	-	-	752,296	752,296
Financial liability:								
<u>Current liability</u>								
Put liability (Note 16)	-	-	19,778,865	19,778,865	-	-	-	-
Financial liability as at 31 December 2021	-	-	19,778,865	19,778,865	-	-	-	-
As at 30 June 2021								
Financial assets:								
<u>Current assets</u>								
Financial assets at fair value through other comprehensive income								
- quoted equity shares	288,154,976	-	-	288,154,976	-	-	-	-
Financial assets at fair value through profit or loss - money market fund	-	27,665,942	-	27,665,942	-	-	-	-
Derivative asset (Note 11)	-	-	752,296	752,296	-	-	752,296	752,296
Financial assets as at 30 June 2021	288,154,976	27,665,942	752,296	316,573,214	-	-	752,296	752,296
Financial liability:								
<u>Current liability</u>								
Put liability (Note 16)	-	-	18,659,307	18,659,307	-	-	-	-
Financial liability as at 30 June 2021	-	-	18,659,307	18,659,307	-	-	-	-

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F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**20. Segment information**

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

Operating and non-operating segments

- (i) Software licensing - provision of digital economy solutions to banks and corporations in banking, retail, government, payment and logistics industries.
- (ii) Software project services - provision of software customisation and implementation services to deliver end-to-end core banking, payment, retail, digital identity and security software solutions.
- (iii) Maintenance and enhancement services - provision of round-the-clock software maintenance support and software enhancement services.
- (iv) Sale of software and hardware products - sale of software and hardware products to meet customers' software and hardware needs.
- (v) 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. Income taxes are managed on a group basis and are not allocated to operating segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the financial period/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		
	6 months ended 31 December		
	2021	2020	Change
	RM	RM	%
Revenue			
South East Asia	287,213,143	239,053,854	20
North East Asia	15,642,299	14,551,868	7
South Asia	21,007,519	22,673,011	(7)
Middle East	10,647,197	11,210,255	(5)
Americas	2,273,045	1,637,380	39
Africa	7,135,368	6,094,502	17
Europe	14,603,937	13,138,742	11
Total	358,522,508	308,359,612	16

SILVERLAKE AXIS LTD.

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(Registered in Singapore)

F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)**20. Segment information (cont'd)****(b) By business segments**

Group	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	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 31 December 2021									
Assets:									
Capital expenditure	20,699,933	67,054	1,423,869	9,051	785,559	-	476,959	-	23,462,425
Segment assets	135,024,394	168,288,651	590,520,693	12,275,338	84,504,803	2,611,506	409,656,684	59,627,286 ⁽²⁾	1,462,509,355
Segment liabilities	84,811,686	19,446,978	135,157,036	1,485,005	8,694,163	456,165	29,635,508	70,778,474⁽²⁾	350,465,015

⁽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 Interim Consolidated Financial Statements (cont'd)**20. Segment information (cont'd)****(b) By business segments (cont'd)**

Group	Software licensing RM	Software project services RM	Maintenance and enhancement services RM	Sale of software and hardware products RM	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 2020									
Revenue:									
External customers	22,227,010	29,870,982	236,143,574	1,990,676	17,804,487	322,883	-	-	308,359,612
At a point in time	3,593,390	-	-	1,990,676	14,191,585	-	-	-	19,775,651
Over time	18,633,620	29,870,982	236,143,574	-	3,612,902	322,883	-	-	288,583,961
Inter-segment	-	-	-	-	-	-	300,081,245	(300,081,245) ⁽¹⁾	-
Results:									
Finance income	28,591	75,567	472,935	307	26,792	160	114,490	-	718,842
Finance costs	(57,721)	(66,920)	(468,917)	(8,470)	(21,257)	(1,453)	(11,617,000)	-	(12,241,738)
Selling and distribution costs	(1,738,533)	(2,143,398)	(10,466,799)	(235,068)	(1,583,352)	(89,189)	507,735	-	(15,748,604)
Depreciation of property, plant and equipment	(169,078)	(187,568)	(1,163,883)	(25,103)	(364,400)	(8,806)	(29,350)	-	(1,948,188)
Depreciation of right-of-use assets	(432,521)	(545,993)	(3,801,633)	(46,335)	(264,518)	(8,951)	(83,450)	-	(5,183,401)
Amortisation of intangible assets	(9,805,401)	(43,815)	(881,178)	-	(931,033)	-	-	-	(11,661,427)
Share of loss of a joint venture	-	-	-	-	-	-	(565)	-	(565)
Reversal of provision for foreseeable losses	-	521,037	-	-	-	-	-	-	521,037
Dividend income from financial assets									
- quoted equity shares	-	-	-	-	-	-	981,624	-	981,624
Other non-cash income/(expenses)	582,006	384,103	(637,945)	98,546	(476,100)	(21,990)	(1,465,197)	-	(1,536,577)
Segment profit/(loss)	9,062,512	6,251,003	137,086,653	402,130	9,043,655	(23,924)	(61,595,705)	-	100,226,324
As at 30 June 2021									
Assets:									
Capital expenditure	35,586,286	544,265	4,016,857	164,502	1,618,744	44,515	1,623,070	-	43,598,239
Segment assets	126,672,040	132,596,922	561,234,913	15,909,727	83,325,499	1,216,010	377,236,970	66,064,532 ⁽²⁾	1,364,256,613
Segment liabilities									
	14,525,929	12,686,200	177,639,221	2,876,227	7,646,921	302,632	28,308,660	65,802,335 ⁽²⁾	309,788,125

⁽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 Interim Consolidated Financial Statements (cont'd)**21. Restatement of comparatives**

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

The effects of the restatement on the prior period comparatives are summarised below.

	As previously stated RM	Adjustment RM	As restated RM
31 December 2020			
Consolidated income statement			
Cost of sales	(116,551,479)	(5,503,986)	(122,055,465)
Administrative expenses	(67,428,028)	326,033	(67,101,995)
Income tax expense	(37,877,614)	5,177,953	(32,699,661)
Consolidated statement of cash flows			
Profit before tax	105,404,277	(5,177,953)	100,226,324
Income tax paid	(28,313,458)	5,177,953	(23,135,505)

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 2021 ("1H FY2022") vs Half year period ended 31 December 2020 ("1H FY2021")

Overview

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

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

In 1H FY2022, the Group recorded revenue of RM358.5 million, an increase of 16% over the prior period. The Group achieved Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") of RM149.5 million and net profit attributable to shareholders of RM94.8 million in 1H FY2022, an increase of 15% and 40% respectively, as compared to 1H FY2021.

Revenue

By Business Activities

	Group		
	6 months ended 31 December		Change %
	2021 RM	2020 RM	
Software licensing	40,276,429	22,227,010	81
Software project services	41,917,238	29,870,982	40
Maintenance and enhancement services	252,208,428	236,143,574	7
Sale of software and hardware products	5,918,095	1,990,676	197
Insurance ecosystem transactions and services	17,493,131	17,804,487	(2)
Retail transactions processing	709,187	322,883	120
Total	358,522,508	308,359,612	16
Delivered through:			
• Cloud computing	13%	6%	7%
• Software-as-a-Service	5%	5%	0%

Group revenue of RM358.5 million in 1H FY2022 was 16% higher than the RM308.4 million recorded in 1H FY2021.

RM45.5 million or 13% of total Group revenue was delivered via cloud computing compared to RM18.5 million or 6% in 1H FY2021.

Revenue from Software-as-a-Service ("SaaS") in 1H FY2022 and 1H FY2021 are comparable, with approximately RM16.5 million or 5% of the total Group revenue in both 1H FY2022 and 1H FY2021.

Project related revenue comprising software licensing and software project services increased by 58% from RM52.1 million to RM82.2 million in 1H FY2022.

- Software licensing revenue increased by 81% from RM22.2 million to RM40.3 million in 1H FY2022, contributed by the delivery of new software licensing contracts and banking deals secured in Indonesia and Thailand.
- Software project services revenue increased 40% to RM41.9 million in 1H FY2022 mainly due to the ongoing implementation of two new MÖBIUS contracts which accounted for 40% of total project services revenue and progressive revenue contributed from other ongoing projects.

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 comprising maintenance and enhancement services, insurance ecosystem transactions and services, and retail transactions processing remain key revenue drivers for the Group and contributed more than 75% of total Group revenue.

- Maintenance revenue recorded a growth of 9% to RM123.8 million in 1H FY2022. The increase was from new maintenance contracts becoming operative upon completion and cutover of several key implementation projects. Enhancement services revenue continued its momentum with an increase of 5% to RM128.4 million in 1H FY2022, with new enhancement contracts secured in Indonesia and Malaysia as well as continuing support to customers who are relying on SAL to modernise their core banking platforms for the digital age.
- Insurance ecosystem transactions and services revenue of RM17.5 million in 1H FY2022 was 2% lower than the RM17.8 million achieved in 1H FY2021. The prolonged pandemic and varying degrees of lockdowns in the countries in which we operate in have resulted in lower claims processing activities in first quarter ("Q1") of FY2022 as compared with Q1 FY2021. The revenue from claims processing activities has seen a recovery in Q2 FY2022 with relaxing restrictions as vaccination rates increased. There is also positive contribution from active cross selling of the TrueSight suite of productivity & analytics solutions to existing customers over the quarters.
- Revenue from retail transactions processing has shown a positive growth of 120% from RM0.3 million to RM0.7 million and this momentum is expected to continue as the Group pivots its retail solutions to SaaS for the larger SME market. The retail sector growth is partially contributed from the pharmaceutical industry and will be one of the key focus areas for the business due to the demand from health industry.

Sale of software and hardware products recorded higher revenue of RM5.9 million in 1H FY2022 as compared to RM2.0 million in 1H FY2021. The increase is largely coming from one upgrade from a banking customer in 1H FY2022 whereas the quantum of sale of hardware products in 1H FY2021 were smaller in size. Hardware sales are seasonal in nature and dependent on the requirements and specifications to support the smooth implementation of new or enhancement of existing systems.

Profitability

The Group recorded a gross profit of RM216.5 million in 1H FY2022, 16% higher than the RM186.3 million recorded in 1H FY2021 and achieved a gross profit margin of 60% in both 1H FY2022 and 1H FY2021.

Finance income increased 96% from RM0.7 million in 1H FY2021 to RM1.4 million in 1H FY2022 as a result of higher interest earned from deposits placed with financial institutions.

Other income decreased from RM8.3 million in 1H FY2021 to RM1.7 million in 1H FY2022 mainly due to the following items:

- RM3.0 million lower COVID-19 support subsidies received from the Singaporean and Latvian governments in 1H FY2022 as compared with 1H FY2021;
- RM1.0 million dividend received from a quoted equity investment in 1H FY2021; and
- RM1.5 million reversal of expected credit losses on trade receivables collected in 1H FY2021.

Selling and distribution costs increased from RM15.7 million to RM17.8 million in 1H FY2022 mainly due to higher expenses incurred for marketing, corporate social responsibility activities, branding initiatives for FERMION – The Insurance Ecosystem, and business development activities in 1H FY2022.

Administrative expenses increased by 3% from RM67.1 million to RM69.1 million in 1H FY2022 due mainly to higher cost of Silverlake Axis Ltd. Performance Share Plan award accrued in 1H FY2022, and group initiatives cost incurred for internal improvement projects as well as human resource management.

Following the end of the unwinding of discount on contingent consideration payable for the acquisition of Silverlake Investment (SG) Pte. Ltd. Group as well as the full repayment of revolving credit facility in FY2021, finance costs in 1H FY2022 was 87% or RM10.7 million lower as compared to 1H FY2021.

In aggregate, the Group's Profit Before Tax ("PBT") increased from RM100.2 million to RM131.1 million in 1H FY2022 and achieved a 15% increase in EBITDA from RM130.5 million to RM149.5 million in 1H FY2022.

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

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

	Group		
	6 months ended 31 December		Change %
	2021 RM	2020 RM Restated (Note 21)	
Current income tax ("CIT")	23,676,010	24,045,414	(2)
Deferred tax ("DT")	10,223,524	8,555,728	19
Foreign and withholding tax	2,475,450	98,519	2413
Total income tax expense	36,374,984	32,699,661	11
% of CIT over Group's Profit Before Tax	18%	24%	(6%)
% of DT over Group's Profit Before Tax	8%	9%	(1%)
% of CIT and DT over Group's Profit Before Tax	26%	33%	(7%)

CIT represents amount expected to be incurred and paid to the taxation authorities in respect of taxable income generated during the period. The effective CIT rate decreased from 24% in 1H FY2021 to 18% in 1H FY2022 mainly due to lower chargeable income derived as a result of the utilisation of carried forward tax losses and written-down allowance of intellectual property rights as well as the bilateral tax relief claimed, against taxable profit generated in 1H FY2022. Following the utilisation of these tax credit and allowances, the deferred tax assets recognised in previous financial years were reversed correspondingly, resulting in higher deferred tax expense recognised in 1H FY2022.

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

As a consequence of these factors, the Group reported a Profit After Tax ("PAT") of RM94.8 million, an increase of 40% from RM67.5 million in 1H FY2021.

(b) STATEMENTS OF FINANCIAL POSITION REVIEW

Intangible assets

Intangible assets of the Group increased from RM317.3 million as at 30 June 2021 to RM324.5 million as at 31 December 2021 mainly due to the capitalisation of software development expenditure incurred for the development of core and digital banking, fintech and other solutions during 1H FY2022. The increase was partially offset by the amortisation of intangible assets for 1H FY2022.

Trade and other receivables

Trade and other receivables increased from RM138.9 million as at 30 June 2021 to RM153.3 million as at 31 December 2021 mainly due to higher revenue billings raised in 1H FY2022.

Contract assets/(liabilities)

The net contract liabilities of the Group increased from RM50.2 million as at 30 June 2021 to RM114.8 million as at 31 December 2021. The components of contract assets and contract liabilities are presented as follows:

	Group		
	As at 31 December 2021 RM	As at 30 June 2021 RM	Change %
Contract assets			
Amounts due from customers for contract work-in-progress (Note (i))	31,143,881	49,971,123	(38)
Advance maintenance costs (Note (ii))	4,070,694	7,280,647	(44)
Prepaid license and hardware costs	1,181,453	1,532,667	(23)
Less: Expected credit losses	(190,346)	(190,346)	(0)
Total contract assets recognised under current assets	36,205,682	58,594,091	(38)
Contract liabilities			
Amounts due to customers for contract work-in-progress (Note (i))	(75,209,629)	(16,437,686)	358
Advance maintenance fees (Note (ii))	(68,123,123)	(82,070,719)	(17)
Deferred revenue (Note (iii))	(7,660,273)	(10,312,396)	(26)
Total contract liabilities recognised under current liabilities	(150,993,025)	(108,820,801)	39
Net contract liabilities	(114,787,343)	(50,226,710)	129

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

- (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 to customers for contract work-in-progress of RM44.1 million as at 31 December 2021 as compared with a net amount due from customers for contract work-in-progress of RM33.5 million as at 30 June 2021, mainly due to the timing of billings and revenue recognition for current contracts. There was billing issued for a major banking deal closed in 1H FY2022 as contracted and the revenue will be recognised progressively over the delivery period.

- (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 RM74.8 million as at 30 June 2021 to RM64.1 million as at 31 December 2021 was mainly due to the recognition of maintenance revenue following the performance of services in 1H FY2022.
- (iii) Deferred revenue decreased from RM10.3 million as at 30 June 2021 to RM7.7 million as at 31 December 2021 following the decrease in advance maintenance fees billed as explained in Note (ii) above, where the portion of advance maintenance fees reallocated to the unutilised free man-days contracted and recognised as deferred revenue in accordance with SFRS(I) 15 Revenue from Contracts with Customers will be recognised as revenue when they are either utilised, exercised, expired or lapsed over the contractual period.

Amounts due from/(to) related parties

The amounts due from/(to) related parties are transactions between the Group and Interested Persons ("Silverlake Entities") under the approved General Mandate for Interested Person Transactions and the Ancillary Transactions Mandate (collectively "Mandates"). These amounts 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 a new investment by a subsidiary in 3.5 million LEAP Market shares of DynaFront Holdings Berhad ("DynaFront") in 1H FY2022. 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 RM288.2 million as at 30 June 2021 to RM295.0 million as at 31 December 2021 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 RM6.0 million unrealised fair value gain from remeasurement of shares were recognised in Other Comprehensive Income for the financial period ended 31 December 2021.

Cash and bank balances

Cash and bank balances of the Group increased from RM417.1 million as at 30 June 2021 to RM501.5 million as at 31 December 2021 mainly due to:

- (i) cash inflow from operating activities during the period of RM177.5 million; offset by
- (ii) cash outflow from financing activities of RM42.9 million and RM4.9 million for payment of dividend to shareholders and payment of lease liabilities respectively; and
- (iii) cash outflow from investing activities of RM20.7 million and RM18.5 million for software development expenditures and net purchase of financial assets - money market fund respectively.

Share capital, share premium and merger deficit

The Company had on 23 September 2021 transferred its domicile from Bermuda to Singapore ("re-domiciliation").

Pursuant to Singapore Companies Act 1967 (formerly known as Singapore Companies Act (Chapter 50)) Sections 62A and 62B, there is no par value concept after 30 January 2006. Accordingly, the Company reclassified the "share premium" of RM1.7 billion to "share capital" during 1H FY2022 and reported a higher share capital amount of RM1.8 billion as at 31 December 2021 as compared with RM191.0 million as at 30 June 2021. Any future share issuance shall be credited in full to "share capital" in the statement of financial position of the Company. The Group also aligned its share capital to that of the Company, by debiting the merger deficit which had been partially set off against share premium as allowed by Section 40(1) of Bermuda Companies Act 1981. As a result, the Group's merger deficit increased from RM476.3 million as at 30 June 2021 to RM1.9 billion as at 31 December 2021.

The above-mentioned reclassifications of share premium do not have any impact on the net asset value of the Group and the Company.

Total current and non-current loans and borrowings

The Group's loans and borrowings decreased from RM26.2 million as at 30 June 2021 to RM21.1 million as at 31 December 2021 following the repayment of lease liabilities during 1H FY2022.

Deferred tax

The Group recorded net deferred tax liabilities of RM0.5 million as at 31 December 2021 compared with net deferred tax assets of RM10.0 million as at 30 June 2021 mainly due to the utilisation of unused tax losses carried forward by two subsidiaries and the utilisation of written-down allowance of intellectual property rights in 1H FY2022.

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

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.

Overall market sentiments are favourable and more positive as we move to the next half of our financial year.

Our positive first half financial performance is a result of the momentum in deal closures and revenue growth since the latter part of FY2021.

Barring unforeseen circumstances, the momentum should carry through to the second half of this financial year. Deal activity remains robust with a total deal pipeline of RM1.3 billion that we are pursuing. In the first half of FY2022, we closed a total of RM300 million in new contracts, an increase of 80% compared to 1H FY2021, and far exceeding what we have done even in pre-COVID days.

The banking business continues to be the main contributor of our financial results; bolstered by the closure of 2 mega deals, one in Thailand and another in Indonesia. Both these markets, in addition to Malaysia and Singapore continue to be very important markets for us. To support and take advantage of this, we have used a dual strategy of partnerships with established local and global system integrators and we have further expanded our internal sales team and we are now in a strong position for further growth across these key core markets.

License and project revenues which have been challenging over the last 2 years has exhibited a strong recovery and the FY2022 full year forecast is that we will close the year strongly in these revenue segments. Our recurring revenue segment has continued to perform well with high single digit growth and also good forward-looking prospects especially with a current customer that has recently acquired the retail business of an established global bank.

We continue to grow and pivot towards our cloud proposition and currently 13% of our revenue is cloud-based, compared to 6% in the first half of FY2021, while 5% of our total revenues are SaaS related, comparable to the same period last year.

We remain focused on executing our strategy in the following key areas:

- Implementation of synergistic Group-wide initiatives and we are seeing good results across the Group with greater collaboration and sales focus. Cost and revenue synergies are being created as the strategy is implemented.
- Our product strategy with an emphasis on MÖBIUS continues to yield results with a significant win at a Tier 1 bank in Thailand and the enquiries and interest in this product grows exponentially. We are able to offer a strong core transformation option to our existing and new customers, an upgrade path with MÖBIUS and we are encouraged by the responses.
- Our people strategy remains highly important and we are adjusting to new work paradigms and changing hiring dynamics. We have a multi-year transformation program for our People and Organisation function and we have a holistic program implemented that runs the spectrum from talent acquisition to training / development and succession planning.
- We continue to drive our marketing and branding initiatives to position our products to a larger market and we work with a variety of partners and that has proven an effective strategy especially in Thailand and potentially Indonesia. A conscious design has been to engage and work with partners and we now have signed with an array of partners and re-sellers in major markets.
- Large deals seem to be coming through the pipeline though the sales cycle is long and the complexity of the process requires patience and time but we are positioned strongly with strong fundamentals and a robust financial position.

The Group's insurtech business is housed under the **Fermion** brand together with the brand promise "the insurance ecosystem builders" given the multiple ecosystems the team have built and can offer including in property & casualty, long-term savings & protection, health & wellness and travel for both conventional and Islamic needs.

Fermion's SaaS business rebounded with the easing of COVID restrictions resulting in consecutive month-on-month increases culminating in December 2021 providing the best ever single monthly performance, beating even pre-COVID levels. There is room for further growth as the countries we operate in continue to open up and ease restrictions.

In the first half of FY2022, there were significant contract wins in Fermion including a national solution for agent and non-life insurer in a leading ASEAN market and a data analytics implementation for a leading financial institution. Fermion's prospects for FY2022 are positive with both organic and inorganic growth initiatives expected to progress in the second half. The Fermion brand will be rolled out regionally to present the unique insurance ecosystem capabilities that the Group offers insurers, insurance distributors and other participants in the insurance value chain.

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

In our retail business housed under **QR**, we are seeing positive growth in our SaaS revenue year to date in FY2022, after transitioning from an on-premise to a cloud-based SaaS solution provider. This is also influenced by market trends in the retail and pharmaceutical industries, where many businesses are beginning to embrace digital innovations in order to expand their business model through SaaS platforms. Our top priority is to acquire more pharmaceutical chain retailers so that we can offer our Retail PharmacyTech SaaS Platform, which will lay the groundwork for our recurring revenue growth in the coming years. In the first half of FY2022, we successfully signed a new customer in Malaysia, to implement our AgoraCloud solutions in 22 stores across the country. This is in addition to two other pharmaceutical chains we have signed up over the last 2 years in Malaysia, one of which is the largest pharmaceutical chain operator in the country. We aim to reach out to more potential customers in the pharmaceutical industry to set a strong foundation for our business in FY2022 and beyond.

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.

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

For this reporting period, the Board is of the view that we defer any dividend payments decision to the end of the financial year. The Board is of the view that it will be prudent for the Group to conserve cash taking into consideration our capital requirements and other financial obligations.

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 2021 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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	1-7-21 to 31-12-21	1-7-21 to 31-12-21
	RM	RM
Associates of Mr. Goh Peng Ooi ("Silverlake Entities")		
- IPT Mandate ⁽²⁾		
Revenue from Silverlake Entities	-	25,326,640
Service fees to Silverlake Entities	-	(2,792,531)
- Non-Mandate Transactions ⁽³⁾		
Revenue from Silverlake Entities	164,237	-
Service fees to Silverlake Entities	(307,824)	-

⁽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 maintenance services and sale of external software license contracted between Silverlake Holdings Sdn. Bhd. and Silverlake Entities; and provision of maintenance services by Silverlake Entities to Silverlake Structured Services Ltd.

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

9. Ageing for amounts owing from related parties

The ageing for amounts owing from related parties as at 31 December 2021 was as follows:

Name of related parties	Total Due RM	0-30 days RM	31-60 days RM	61-90 days RM	91-180 days RM	> 180 days RM
<u>Transactions conducted under the IPT Mandate: -</u> Silverlake Entities ⁽¹⁾	9,560,257	7,821,614	1,094,063	36,720	607,860	-
<u>Non-Trade Transactions</u> Silverlake Entities	70,203	70,203	-	-	-	-
Grand Total	9,630,460	7,891,817	1,094,063	36,720	607,860	-

(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 2022, the amounts due from Silverlake Entities between 61-180 days now remains at RM531,360 and this amount has been extended with longer credit term due to commercial reason.

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 2021 to be false or misleading in any material aspect.

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 2022