

SILVERLAKE AXIS LTD

Half Yearly Financial Statements And Dividend Announcement For The Financial Period Ended 31 December 2020

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

For the half year period and second quarter ended 31 December 2020

	Half year period ended 31 December			Second quarter ended 31 December		
	2020 RM	2019 RM	Change %	2020 RM	2019 RM	Change %
Revenue	308,359,612	355,466,919	(13)	160,490,256	190,688,711	(16)
Cost of sales	(116,551,479)	(133,836,797)	(13)	(60,077,880)	(74,488,538)	(19)
Gross profit	191,808,133	221,630,122	(13)	100,412,376	116,200,173	(14)
Other items of income						
Finance income	718,842	2,286,045	(69)	342,999	1,203,750	(72)
Other income	8,296,237	7,584,679	9	3,187,151	6,491,023	(51)
Other items of expenses						
Selling and distribution costs	(15,748,604)	(19,133,221)	(18)	(7,991,056)	(9,728,726)	(18)
Administrative expenses	(67,428,028)	(63,838,882)	6	(36,356,784)	(29,864,304)	22
Finance costs	(12,241,738)	(17,118,585)	(28)	(3,479,603)	(8,713,092)	(60)
Share of (loss)/profit of a joint venture	(565)	1,393,035	(100)	-	423,960	(100)
Profit before tax	105,404,277	132,803,193	(21)	56,115,083	76,012,784	(26)
Income tax expense	(37,877,614)	(32,788,156)	16	(21,503,986)	(23,204,779)	(7)
Profit for the period	67,526,663	100,015,037	(32)	34,611,097	52,808,005	(34)
Profit for the period attributable to:						
Owners of the parent	67,529,479	100,011,558	(32)	34,610,473	52,803,375	(34)
Non-controlling interests	(2,816)	3,479	(181)	624	4,630	(87)
	67,526,663	100,015,037	(32)	34,611,097	52,808,005	(34)
Earnings per share attributable to owners of the parent:						
- Basic (sen)	2.62	3.78	(31)	1.34	2.00	(33)
- Diluted (sen)	2.51	3.78	(34)	1.29	2.00	(36)

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the half year period and second quarter ended 31 December 2020

	Half year period ended 31 December			Second quarter ended 31 December		
	2020 RM	2019 RM	Change %	2020 RM	2019 RM	Change %
Profit for the period	67,526,663	100,015,037	(32)	34,611,097	52,808,005	(34)
Other comprehensive loss:						
Items that may be reclassified to profit or loss in subsequent periods:						
Foreign currency translation loss*	(24,089,217)	(4,856,748)	396	(4,073,389)	(5,947,540)	(32)
Share of foreign currency translation loss of a joint venture	(22)	(250,594)	(100)	(22)	-	N/M
	(24,089,239)	(5,107,342)	372	(4,073,411)	(5,947,540)	(32)
Items that will not be reclassified to profit or loss in subsequent periods:						
Fair value (loss)/gain on financial assets - quoted equity shares	(17,178,588)	49,787,209	(135)	(102,995,719)	53,844,290	(291)
Deferred tax relating to fair value loss/(gain) on financial assets - quoted equity shares	1,781,344	(4,801,822)	(137)	10,343,694	(5,183,093)	(300)
Deferred tax relating to actuarial gain on defined benefit plans	(15,487)	-	N/M	-	-	N/M
	(15,412,731)	44,985,387	(134)	(92,652,025)	48,661,197	(290)
Other comprehensive (loss)/income for the period, net of tax	(39,501,970)	39,878,045	(199)	(96,725,436)	42,713,657	(326)
Total comprehensive income/(loss) for the period	28,024,693	139,893,082	(80)	(62,114,339)	95,521,662	(165)
Total comprehensive income/(loss) for the period attributable to:						
Owners of the parent	28,027,509	139,889,603	(80)	(62,114,963)	95,517,032	(165)
Non-controlling interests	(2,816)	3,479	(181)	624	4,630	(87)
	28,024,693	139,893,082	(80)	(62,114,339)	95,521,662	(165)

* Foreign currency translation loss represents the movement in exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's reporting currency.

N/M = Not Meaningful

1(a)(ii) Notes to the statement of comprehensive income:
Profit before tax is arrived at after (charging)/crediting:

	Half year period ended 31 December			Second quarter ended 31 December		
	2020 RM	2019 RM	Change %	2020 RM	2019 RM	Change %
Amortisation of intangible assets	(11,661,427)	(10,685,453)	9	(5,988,466)	(5,415,516)	11
Write off of intangible assets	-	(963)	(100)	-	-	N/M
Depreciation of property, plant and equipment	(1,948,188)	(1,859,633)	5	(961,735)	(952,174)	1
Depreciation of right-of-use assets	(5,183,401)	(4,737,326)	9	(2,623,111)	(2,390,928)	10
Write off of property, plant and equipment	3,973	(9,126)	(144)	-	(4,600)	(100)
Net (loss)*/gain** on disposal of property, plant and equipment	(187,240)	10,163	(1942)	(187,060)	(2,178)	8489
Gain on disposal of right-of-use assets	99,131	-	N/M	60,131	-	N/M
Net gain on lease modifications	119,355	179,802	(34)	119,355	45,904	160
Net distribution from a joint venture upon liquidation**	1,026	-	N/M	1,026	-	N/M
Bad debts written off	(8,657)	(353,689)	(98)	(8,657)	(115,189)	(92)
Expected credit losses on trade receivables*	-	(381,103)	(100)	-	(381,103)	(100)
Reversal of expected credit losses on trade receivables**	1,501,018	387,164	288	693,272	148,664	366
Reversal of provision for foreseeable losses	521,037	73,923	605	325,095	62,085	424
Dividend income from financial assets - quoted equity shares**	981,624	809,199	21	-	-	N/M
Gain on redemption of financial assets - money market fund	360,528	120,024	200	167,388	53,386	214
Net foreign currency exchange (loss)*/gain**:						
- realised	(4,433,150)	(2,556,976)	73	(3,434,383)	(1,861,804)	84
- unrealised	(1,487,172)	(1,160,463)	28	(2,092,659)	701,797	(398)
Fair value adjustment on contingent consideration for business combination	-	5,117,930	(100)	-	5,117,930	(100)
Performance shares issued	(3,697,245)	-	N/M	(3,697,245)	-	N/M
Waiver of debts**	-	109,454	(100)	-	109,454	(100)
Reversal of allowance for unutilised leave	2,489,085	424,077	487	3,443,410	1,111,480	210
Allowance for defined benefit liabilities	(730,379)	(667,198)	9	(317,541)	(293,709)	8
Adjustments for over/(under) provision of tax in respect of prior years	555,524	2,337	23671	(131,888)	1,442	(9246)

* Included in other operating expenses

** Included in other operating income

N/M = Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENTS OF FINANCIAL POSITION

	As at 31-Dec-20		As at 30-Jun-20	
	Group RM	Company RM	Group RM	Company RM
ASSETS				
Non-current assets				
Property, plant and equipment	12,119,823	2,372	13,565,267	2,816
Right-of-use assets	26,700,429	-	28,791,403	-
Intangible assets	307,100,554	-	300,029,314	-
Investments in subsidiaries	-	2,234,021,630	-	2,233,110,533
Interest in a joint venture	-	-	696	139
Derivative asset	9,343,814	9,343,814	9,343,814	9,343,814
Deferred tax assets	58,764,502	-	65,950,770	-
	414,029,122	2,243,367,816	417,681,264	2,242,457,302
Current assets				
Inventories	996,101	-	1,082,881	-
Trade and other receivables	114,742,473	20,445	139,961,183	7,308
Contract assets	55,776,755	-	57,030,645	-
Prepayments	2,113,593	235,966	2,901,681	96,527
Amounts due from subsidiaries	-	201,503,453	-	203,963,471
Amounts due from related parties	13,908,475	-	7,142,853	-
Loans to subsidiaries	-	28,709,100	-	27,051,200
Tax recoverable	5,541,990	-	5,867,877	-
Financial assets at fair value through other comprehensive income - quoted equity shares	275,087,460	-	310,166,620	-
Financial assets at fair value through profit or loss - money market fund	28,431,315	-	29,646,700	-
Cash and bank balances	467,267,304	102,427,650	496,742,950	79,029,249
	963,865,466	332,896,614	1,050,543,390	310,147,755
Total assets	1,377,894,588	2,576,264,430	1,468,224,654	2,552,605,057
EQUITY AND LIABILITIES				
Equity				
Share capital	191,040,654	191,040,654	191,040,654	191,040,654
Share premium	234,928,967	1,702,591,128	236,820,722	1,704,482,883
Treasury shares	(147,575,671)	(147,575,671)	(138,541,079)	(138,541,079)
Foreign currency translation reserve	18,476,217	-	42,565,456	-
Capital reserve	466,828	-	466,828	-
Statutory reserve	21,819	-	21,819	-
Fair value reserve of financial assets at fair value through other comprehensive income	(34,378,462)	-	(18,981,218)	-
Merger deficit	(476,280,829)	-	(476,280,829)	-
Retained profits	1,093,890,531	605,233,172	909,494,306	209,442,615
Equity attributable to owners of the parent	880,590,054	2,351,289,283	746,606,659	1,966,425,073
Non-controlling interests	57,660	-	60,476	-
Total equity	880,647,714	2,351,289,283	746,667,135	1,966,425,073
Non-current liabilities				
Loans and borrowings	96,329,085	78,157,565	141,261,436	121,754,466
Deferred tax liabilities	60,535,157	-	61,403,049	-
Put liability	2,999,854	-	2,744,202	-
Provision for defined benefit liabilities	12,453,407	-	12,364,086	-
	172,317,503	78,157,565	217,772,773	121,754,466
Current liabilities				
Trade and other payables	215,824,122	146,010,626	358,548,901	278,390,158
Contract liabilities	80,997,748	-	116,988,962	-
Provision for defined benefit liabilities	400,874	-	394,886	-
Loans and borrowings	8,537,750	-	9,659,538	-
Amounts due to subsidiaries	-	806,956	-	186,035,360
Amounts due to related parties	3,307,992	-	2,780,632	-
Tax payable	15,860,885	-	15,411,827	-
	324,929,371	146,817,582	503,784,746	464,425,518
Total liabilities	497,246,874	224,975,147	721,557,519	586,179,984
Net current assets/(liabilities)*	638,936,095	186,079,032	546,758,644	(154,277,763)
Total equity and liabilities	1,377,894,588	2,576,264,430	1,468,224,654	2,552,605,057

* The Company is in net current liabilities position due to the reclassification of contingent consideration for acquisition of Silverlake Investment (SG) Pte. Ltd. (formerly known as Silverlake Investment Ltd.) Group which will be payable within one year from the previous reporting date.

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Amount repayable in one year or less, or on demand

As at 31-Dec-20		As at 30-Jun-20	
Secured Group RM	Unsecured Group RM	Secured Group RM	Unsecured Group RM
1,358,715	7,179,035	1,261,271	8,398,267

Amount repayable after one year

As at 31-Dec-20		As at 30-Jun-20	
Secured Group RM	Unsecured Group RM	Secured Group RM	Unsecured Group RM
2,122,069	94,207,016	1,811,934	139,449,502

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 RM3,753,769 as at 31 December 2020 (RM2,815,706 as at 30 June 2020).

The term loan facility of a subsidiary is secured by its own property, plant and equipment, and right-of-use assets with a total net carrying amount of RM427,312 and RM326,566 respectively as at 31 December 2020 (RM585,103 and RM362,383 as at 30 June 2020).

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

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Half year period ended		Second quarter ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM	RM	RM	RM
Operating activities:				
Profit before tax	105,404,277	132,803,193	56,115,083	76,012,784
Adjustments for:				
Amortisation of intangible assets	11,661,427	10,685,453	5,988,466	5,415,516
Write off of intangible assets	-	963	-	-
Depreciation of property, plant and equipment	1,948,188	1,859,633	961,735	952,174
Depreciation of right-of-use assets	5,183,401	4,737,326	2,623,111	2,390,928
Write off of property, plant and equipment	(3,973)	9,126	-	4,600
Net loss/(gain) on disposal of property, plant and equipment	187,240	(10,163)	187,060	2,178
Gain on disposal of right-of-use assets	(99,131)	-	(60,131)	-
Net gain on lease modifications	(119,355)	(179,802)	(119,355)	(45,904)
Net distribution from a joint venture upon liquidation	(1,026)	-	(1,026)	-
Bad debts written off	8,657	353,689	8,657	115,189
Expected credit losses on trade receivables	-	381,103	-	381,103
Reversal of expected credit losses on trade receivables	(1,501,018)	(387,164)	(693,272)	(148,664)
Reversal of provision for foreseeable losses	(521,037)	(73,923)	(325,095)	(62,085)
Dividend income from financial assets - quoted equity shares	(981,624)	(809,199)	-	-
Gain on redemption of financial assets - money market fund	(360,528)	(120,024)	(167,388)	(53,386)
Unrealised foreign currency exchange loss/(gain)	1,487,172	1,160,463	2,092,659	(701,797)
Fair value adjustment on contingent consideration for business combination	-	(5,117,930)	-	(5,117,930)
Performance shares issued	3,697,245	-	3,697,245	-
Waiver of debts	-	(109,454)	-	(109,454)
Reversal of allowance for unutilised leave	(2,489,085)	(424,077)	(3,443,410)	(1,111,480)
Allowance for defined benefit liabilities	730,379	667,198	317,541	293,709
Share of loss/(profit) of a joint venture	565	(1,393,035)	-	(423,960)
Finance costs	12,241,738	17,118,585	3,479,603	8,713,092
Finance income	(718,842)	(2,286,045)	(342,999)	(1,203,750)
Operating cash flows before changes in working capital	135,754,670	158,865,916	70,318,484	85,302,863

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Half year period ended		Second quarter ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM	RM	RM	RM
Operating activities: (cont'd)				
Operating cash flows before changes in working capital (cont'd)	135,754,670	158,865,916	70,318,484	85,302,863
Changes in working capital:				
Inventories	71,082	47,124	787	(194,814)
Trade and other receivables	22,190,718	(33,750,532)	(2,390,057)	(22,916,258)
Contract assets/liabilities	(32,926,726)	(17,658,621)	(11,972,637)	30,803,293
Amounts due from/to related parties	(9,421,343)	11,617,874	(5,786,644)	4,503,861
Trade and other payables	(7,798,567)	(8,050,138)	1,320,926	(10,902,567)
Cash flows from operations	107,869,834	111,071,623	51,490,859	86,596,378
Net uplift of deposits pledged	264,562	61,230	69,185	132,496
Defined benefits paid	(382,937)	(38,209)	(110,737)	(1,274)
Income tax paid	(28,313,458)	(22,802,082)	(14,969,759)	(14,602,678)
Interest paid	(1,437,283)	(1,921,288)	(703,680)	(1,031,456)
Net cash flows from operating activities	78,000,718	86,371,274	35,775,868	71,093,466
Investing activities:				
Purchases of property, plant and equipment	(576,055)	(4,480,003)	(333,195)	(2,106,077)
Purchases of right-of-use assets	(62,137)	-	(62,137)	-
Payments for software development expenditure	(17,010,570)	(14,722,889)	(5,537,524)	(7,556,188)
Payments for other intangible assets	(15,624)	(56,143)	(15,624)	(48,704)
Proceeds from distribution from a joint venture upon liquidation	1,143	-	1,143	-
Proceeds from disposal of property, plant and equipment	143	22,199	135	11,539
Proceeds from disposal of right-of-use assets	160,807	-	118,981	-
Proceeds from redemption of financial assets - money market fund	20,798,250	4,224,770	17,078,572	3,288,493
Purchases of financial assets - money market fund	(19,222,337)	-	23,120,183	-
Interest received	748,053	2,227,879	254,726	1,207,653
Dividend income received	981,624	809,199	-	-
Net uplift/(placement) of short-term deposits	10,027,500	14,588,500	(355,000)	14,588,500
Net cash flows (used in)/generated from investing activities	(4,169,203)	2,613,512	34,270,260	9,385,216
Financing activities:				
Dividends paid	(25,840,294)	(81,060,190)	(25,840,294)	(81,060,190)
Purchase of treasury shares	(14,623,592)	(10,378,037)	(3,825,948)	(10,378,037)
Proceeds from revolving credit	2,002,000	47,423,775	-	16,486,075
Repayment of term loan and revolving credit	(42,848,582)	(9,156,813)	(42,788,492)	(4,339,971)
Payment of principal portion of lease liabilities	(5,503,076)	(6,629,260)	(2,466,354)	(3,295,073)
Net cash flows used in financing activities	(86,813,544)	(59,800,525)	(74,921,088)	(82,587,196)
Net (decrease)/increase in cash and cash equivalents	(12,982,029)	29,184,261	(4,874,960)	(2,108,514)
Effects of exchange rate changes on cash and cash equivalents	(5,519,960)	(87,273)	3,263,775	(196,405)
Cash and cash equivalents at beginning of the year/period	476,424,016	408,837,855	459,533,212	440,239,762
Cash and cash equivalents at end of the period	457,922,027	437,934,843	457,922,027	437,934,843

	Half year period ended		Second quarter ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM	RM	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	467,267,304	446,341,317	467,267,304	446,341,317
Less: Pledged deposits	(9,345,277)	(8,406,474)	(9,345,277)	(8,406,474)
Cash and cash equivalents at end of the period	457,922,027	437,934,843	457,922,027	437,934,843

1 (d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity for the half year period ended 31 December 2020

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Distributable retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group													
As at 1-Jul-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)
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	-	-	-	-	-	-	-	-	-	(25,840,294)	(25,840,294)	-	(25,840,294)
As at 31-Dec-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
Company													
As at 1-Jul-2020	191,040,654	1,704,482,883	(138,541,079)	-	-	-	-	-	-	209,442,615	1,966,425,073	-	1,966,425,073
Profit for the period	-	-	-	-	-	-	-	-	-	278,908,324	278,908,324	-	278,908,324
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	-	-	-	-	-	-	-	-	-	(25,840,294)	(25,840,294)	-	(25,840,294)
As at 31-Dec-2020	191,040,654	1,702,591,128	(147,575,671)	-	-	-	-	-	-	605,233,172	2,351,289,283	-	2,351,289,283

Consolidated Statement of Changes in Equity for the half year period ended 31 December 2019

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Distributable retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group													
As at 1-Jul-2019													
As previously reported	191,040,654	236,820,722	(81,725,730)	25,563,598	466,828	21,819	-	(133,619,065)	(476,280,829)	829,984,883	592,272,880	63,941	592,336,821
Adjustment on initial application of IFRS 16	-	-	-	-	-	-	-	-	-	(1,347,032)	(1,347,032)	-	(1,347,032)
Adjusted balance as at 1-Jul-2019	191,040,654	236,820,722	(81,725,730)	25,563,598	466,828	21,819	-	(133,619,065)	(476,280,829)	828,637,851	590,925,848	63,941	590,989,789
Profit for the period	-	-	-	-	-	-	-	-	-	100,011,558	100,011,558	3,479	100,015,037
Other comprehensive income for the period	-	-	-	(5,107,342)	-	-	-	44,985,387	-	-	39,878,045	-	39,878,045
Purchase of treasury shares	-	-	(10,378,037)	-	-	-	-	-	-	-	(10,378,037)	-	(10,378,037)
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(81,060,190)	(81,060,190)	-	(81,060,190)
As at 31-Dec-2019	191,040,654	236,820,722	(92,103,767)	20,456,256	466,828	21,819	-	(88,633,678)	(476,280,829)	847,589,219	639,377,224	67,420	639,444,644
Company													
As at 1-Jul-2019	191,040,654	1,704,482,883	(81,725,730)	-	-	-	-	-	-	230,232,303	2,044,030,110	-	2,044,030,110
Profit for the period	-	-	-	-	-	-	-	-	-	42,562,534	42,562,534	-	42,562,534
Other comprehensive loss for the period	-	-	-	-	-	-	-	(77,180)	-	-	(77,180)	-	(77,180)
Purchase of treasury shares	-	-	(10,378,037)	-	-	-	-	-	-	-	(10,378,037)	-	(10,378,037)
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(81,060,190)	(81,060,190)	-	(81,060,190)
As at 31-Dec-2019	191,040,654	1,704,482,883	(92,103,767)	-	-	-	-	(77,180)	-	191,734,647	1,995,077,237	-	1,995,077,237

Consolidated Statement of Changes in Equity for the second quarter ended 31 December 2020

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Distributable retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group													
As at 1-Oct-2020	191,040,654	236,820,722	(149,338,723)	22,549,628	466,828	21,819	-	58,273,563	(476,280,829)	1,078,220,761	961,774,423	57,036	961,831,459
Profit for the period	-	-	-	-	-	-	-	-	-	34,610,473	34,610,473	624	34,611,097
Other comprehensive loss for the period	-	-	-	(4,073,411)	-	-	-	(92,652,025)	-	-	(96,725,436)	-	(96,725,436)
Purchase of treasury shares	-	-	(3,825,948)	-	-	-	-	-	-	-	(3,825,948)	-	(3,825,948)
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	-	-	-	-	-	-	-	-	-	6,899,591	6,899,591	-	6,899,591
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(25,840,294)	(25,840,294)	-	(25,840,294)
As at 31-Dec-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
Company													
As at 1-Oct-2020	191,040,654	1,704,482,883	(149,338,723)	-	-	-	-	-	-	341,610,356	2,087,795,170	-	2,087,795,170
Profit for the period	-	-	-	-	-	-	-	-	-	282,563,519	282,563,519	-	282,563,519
Purchase of treasury shares	-	-	(3,825,948)	-	-	-	-	-	-	-	(3,825,948)	-	(3,825,948)
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	-	-	-	-	-	-	-	-	-	6,899,591	6,899,591	-	6,899,591
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(25,840,294)	(25,840,294)	-	(25,840,294)
As at 31-Dec-2020	191,040,654	1,702,591,128	(147,575,671)	-	-	-	-	-	-	605,233,172	2,351,289,283	-	2,351,289,283

Consolidated Statement of Changes in Equity for the second quarter ended 31 December 2019

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Distributable retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group													
As at 1-Oct-2019	191,040,654	236,820,722	(81,725,730)	26,403,796	466,828	21,819	-	(137,294,875)	(476,280,829)	875,846,034	635,298,419	62,790	635,361,209
Profit for the period	-	-	-	-	-	-	-	-	-	52,803,375	52,803,375	4,630	52,808,005
Other comprehensive income for the period	-	-	-	(5,947,540)	-	-	-	48,661,197	-	-	42,713,657	-	42,713,657
Purchase of treasury shares	-	-	(10,378,037)	-	-	-	-	-	-	-	(10,378,037)	-	(10,378,037)
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(81,060,190)	(81,060,190)	-	(81,060,190)
As at 31-Dec-2019	191,040,654	236,820,722	(92,103,767)	20,456,256	466,828	21,819	-	(88,633,678)	(476,280,829)	847,589,219	639,377,224	67,420	639,444,644
Company													
As at 1-Oct-2019	191,040,654	1,704,482,883	(81,725,730)	-	-	-	-	-	-	255,290,189	2,069,087,996	-	2,069,087,996
Profit for the period	-	-	-	-	-	-	-	-	-	17,504,648	17,504,648	-	17,504,648
Other comprehensive loss for the period	-	-	-	-	-	-	-	(77,180)	-	-	(77,180)	-	(77,180)
Purchase of treasury shares	-	-	(10,378,037)	-	-	-	-	-	-	-	(10,378,037)	-	(10,378,037)
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(81,060,190)	(81,060,190)	-	(81,060,190)
As at 31-Dec-2019	191,040,654	1,704,482,883	(92,103,767)	-	-	-	-	(77,180)	-	191,734,647	1,995,077,237	-	1,995,077,237

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

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

From 1 September 2020 to 7 December 2020, the Company purchased 16,222,600 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 RM14,623,592 and are held as treasury shares by the Company.

During the financial year, the Company has reissued 4,500,000 treasury shares to its Group Managing Director pursuant to Silverlake Axis Ltd. Performance Share Plan.

The number of treasury shares has increased from 107,115,868 as at 30 June 2020 to 118,838,468 as at 31 December 2020.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31-Dec-20	As at 30-Jun-20
Total number of issued shares	2,696,472,800	2,696,472,800
Less: Treasury shares	(118,838,468)	(107,115,868)
Total number of issued shares excluding treasury shares	2,577,634,332	2,589,356,932

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

	As at 31-Dec-20	As at 30-Jun-20
Number of treasury shares at beginning of the year	107,115,868	51,420,068
Purchase of treasury shares	16,222,600	55,695,800
Release of treasury shares pursuant to Performance Share Plan	(4,500,000)	-
Number of treasury shares at end of the period/year	118,838,468	107,115,868

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

2. 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.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group's audited annual financial statements for the financial year ended 30 June 2020 were prepared in accordance with International Financial Reporting Standards (IFRS). The accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements as at 30 June 2020 except that the Group has adopted the following new/revised IFRS which became effective for the period beginning on or after 1 July 2020.

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

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

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

Description	Effective for annual periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to IFRS 3 Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16 Property, Plant and Equipment: Proceeds Before Intended Use	1 January 2022
Amendments to IAS 37 Onerous Contracts - Costs of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRSs 2018 - 2020 Cycle	
- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a First-time Adopter	1 January 2022
- Amendments to IFRS 9 Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
- Amendments to IAS 41 Agriculture - Taxation in Fair Value Measurements	1 January 2022
Amendments to IAS 1 Classification of Liabilities as Current or Non-current	1 January 2023
IFRS 17 Insurance Contracts	1 January 2023
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group		Group	
	Half year period ended		Second quarter ended	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	Sen	Sen	Sen	Sen
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	2.62	3.78	1.34	2.00
Based on a fully diluted basis	2.51 ⁽²⁾	3.78	1.29 ⁽²⁾	2.00

⁽¹⁾ The weighted average number of ordinary shares on issue has taken into account the weighted average effect of changes in ordinary shares and treasury shares transactions during the financial period ended 31 December 2020 of 2,581,473,696 (31 December 2019 of 2,643,554,069) of USD0.02 each.

⁽²⁾ The weighted average number of shares has taken into account the weighted average effect of dilution shares for the settlement of contingent consideration for the acquisition of Silverlake Investment (SG) Pte. Ltd. (formerly known as Silverlake Investment Ltd.) Group.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year.

	As at 31-Dec-20		As at 30-Jun-20	
	Group Sen	Company Sen	Group Sen	Company Sen
Net asset value per ordinary share ⁽¹⁾	34.16	91.22	28.83	75.94

⁽¹⁾ Based on the issued share capital excluding treasury shares as at the end of the current financial period and the immediately preceding financial year.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -
- any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a)(i) INCOME STATEMENT REVIEW – Second quarter ended 31 December 2020 ("Q2 FY2021") vs Second quarter ended 31 December 2019 ("Q2 FY2020")

Overview

Silverlake Axis Ltd. ("SAL") is a leading enterprise technology, software and services company focused in financial services and serves 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 380 enterprise customers in over 80 countries across Asia, Europe, Middle East, Africa and the Americas.

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

In Q2 FY2021, the Group recorded revenue of RM160.5 million, a decrease of 16% compared with the previous corresponding period. The Group achieved Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") of RM68.8 million and Net Profit Attributable to Shareholders of RM34.6 million in Q2 FY2021.

Revenue

By Business Activities

	1-10-20 to 31-12-20 Group	1-10-19 to 31-12-19 Group	Change
	RM	RM	%
Software licensing*	14,253,275	23,101,036	(38)
Software project services*	12,682,567	13,586,512	(7)
Maintenance and enhancement services**	122,956,705	123,660,030	(1)
Sale of software and hardware products	1,434,756	18,717,235	(92)
Software-as-a-Service**			
- Insurance processing	9,000,015	9,986,981	(10)
- Retail	162,938	122,385	33
Credit and cards processing	-	1,514,532	(100)
Total	160,490,256	190,688,711	(16)

* Project related revenue

** Recurring revenue

Group revenue of RM160.5 million in Q2 FY2021 was 16% lower than RM190.7 million recorded in Q2 FY2020. Large ticket size projects and deals from customers and potential customers have been deferred due to the ongoing COVID-19 pandemic since early 2020. In addition, Silverlake Japan Ltd. has ceased its operations in Q1 FY2021 following the termination of the last customer contract for credit and cards processing in late FY2020.

Recurring revenue segments of maintenance and enhancement services, and Software-as-a-Service ("SaaS") remained a key revenue driver for the Group and contributed 82% of Group revenue in Q2 FY2021.

- Maintenance revenue grew 3% to RM57.4 million arising from new maintenance contracts secured upon completion of implementation projects. Enhancement services revenue in Q2 FY2021 declined by 3% to RM65.5 million due mainly to lesser change requests from impacted retail segment customers and cautious IT spend by financial institutions in Q2 FY2021 as compared with Q2 FY2020.
- SaaS Insurance processing revenue of RM9.0 million in Q2 FY2021 was 10% lower than the RM10.0 million achieved in Q2 FY2020 mainly due to lower claims processing activities. The communities in various countries have reduced mobility during current pandemic period which led to significantly lower traffic volume and hence fewer motor accident claims.

Project related revenue comprising software licensing and software project services declined 27% to RM26.9 million in Q2 FY2021.

- The markets remained soft for bookings of larger licence deals. As a result, software licensing revenue decreased by 38% to RM14.3 million in Q2 FY2021.
- Software project services segment recorded lower progressive revenue in Q2 FY2021. Revenue from this segment declined 7% to RM12.7 million. This is due to key projects nearing completion or projects being delayed at requests of customers. However, the decrease in Q2 FY2021 was somewhat mitigated by smaller scale contracts for SIBS tactical modernisation and technology refresh contracts secured in Indonesia and Malaysia in 2H FY2020.

Sale of software and hardware products recorded significantly lower revenue of RM1.4 million in Q2 FY2021 as compared to RM18.7 million in Q2 FY2020. There were sizeable hardware sales delivered to support the technology refresh contract of banks in Malaysia in

Q2 FY2020 whereas sale of hardware products in Q2 FY2021 could be affected by the deferment of capital expenditure during the pandemic period.

Profitability

The Group recorded a gross profit of RM100.4 million in Q2 FY2021, 14% lower than the RM116.2 million recorded in Q2 FY2020. Gross profit margin improved from 61% to 63% in Q2 FY2021 with the implementation of cost management initiatives.

Following the drop in banks' interest rates amidst COVID-19 pandemic, the Group earned lower finance income from deposits placements with financial institutions in Q2 FY2021 as compared with Q2 FY2020.

Other income of RM3.2 million in Q2 FY2021 was lower as compared to RM6.5 million recorded in Q2 FY2020.

- Q2 FY2021 recorded RM1.4 million government subsidies and office rental concession from Singapore, Malaysia and Hong Kong to support businesses during the COVID-19 pandemic period, and RM0.7 million from reversal of expected credit losses on trade receivables collected.
- Q2 FY2020 recognised a gain of RM5.1 million arising from fair value adjustment on the contingent consideration for the acquisition of SIA X Infotech Group ("XIT Group").

Selling and distribution costs reduced by 18% from RM9.7 million in Q2 FY2020 to RM8.0 million in Q2 FY2021 as a result of tightening costs during the pandemic period.

Administrative expenses increased by 22% from RM29.9 million to RM36.4 million in Q2 FY2021 mainly due to foreign currency exchange loss recorded from translation of bank balances and receivables denominated in foreign currencies in Q2 FY2021. This is because of the weakening of United States Dollar ("USD") and Singapore Dollar ("SGD"), and the increase was also from the cost of Silverlake Axis Ltd. Performance Share Plan in Q2 FY2021. The increase was partially offset by higher reversal of allowance for unutilised leave in Q2 FY2021.

Finance costs decreased by 60% from RM8.7 million to RM3.5 million in Q2 FY2021 mainly due to the end of unwinding of discount on the contingent consideration payable for the acquisition of Silverlake Investment (SG) Pte. Ltd. (formerly known as Silverlake Investment Ltd.) Group ("SISG Group") as required by IFRS – IAS 37 Provisions, Contingent Liabilities and Contingent Assets in Q2 FY2021. Lower interest expense on revolving credit drawn-down in Q2 FY2021 has also led to the overall decrease in finance costs.

As a result of the above, the Group's Profit Before Tax declined from RM76.0 million to RM56.1 million in Q2 FY2021 with a reduction in EBITDA from RM92.3 million to RM68.8 million in Q2 FY2021.

Income tax expense decreased from RM23.2 million in Q2 FY2020 to RM21.5 million in Q2 FY2021 mainly due to lower withholding tax on overseas revenue in the current financial period as compared to the previous corresponding period.

As a consequence of these factors that contributed to the decline in profitability as well as tax expense, the Group reported a Profit After Tax of RM34.6 million, a decline of 34% from RM52.8 million in Q2 FY2020.

(a)(ii) INCOME STATEMENT REVIEW – Half year period ended 31 December 2020 ("1H FY2021") vs Half year period ended 31 December 2019 ("1H FY2020")

Overview

In 1H FY2021, the Group recorded revenue of RM308.4 million, a decrease of 13% compared with the previous corresponding period. The Group achieved EBITDA of RM135.7 million and Net Profit Attributable to Shareholders of RM67.5 million in Q2 FY2021. Despite the challenges posed by the COVID-19 pandemic, the Group has sustained its business operations and supported its customers during the various countries' lockdown measures which have restricted the mobility of its employees.

Revenue

By Business Activities

	1-7-20 to 31-12-20 Group	1-7-19 to 31-12-19 Group	Change
	RM	RM	%
Software licensing*	22,227,010	42,556,208	(48)
Software project services*	29,870,982	33,053,871	(10)
Maintenance and enhancement services**	236,143,574	236,470,090	(0)
Sale of software and hardware products	1,990,676	20,386,954	(90)
Software-as-a-Service**			
- Insurance processing	17,804,487	19,731,828	(10)
- Retail	322,883	203,168	59
Credit and cards processing	-	3,064,800	(100)
Total	308,359,612	355,466,919	(13)

* Project related revenue

** Recurring revenue

Group revenue of RM308.4 million in 1H FY2021 was 13% lower than the RM355.5 million recorded in 1H FY2020 due to lower contributions from all revenue segments with the exception of SaaS for retail. Large ticket size projects and deals have been deferred,

project related services continue to be a challenge and remain impacted by COVID-19 pandemic. In addition, Silverlake Japan Ltd. has ceased its operations in Q1 FY2021 following the termination of the last customer contract for credit and cards processing in late FY2020.

Recurring revenue segments comprising maintenance and enhancement services, and SaaS remained a key revenue driver for the Group and contributed 82% of Group revenue in 1H FY2021.

- The Group managed to sustain the revenue from maintenance and enhancement services amidst COVID-19 pandemic lockdown in multiple countries.
- 1H FY2021 SaaS Insurance processing revenue declined by 10% to RM17.8 million in 1H FY2021 mainly due to lower claims processing activities. The communities in various countries have reduced mobility during the current pandemic period which led to significantly lower traffic volume and hence fewer motor accident claims. The decrease was partially offset by the positive contribution from active cross selling of the True Sight suite of productivity & analytics solutions to existing customers and additional revenue coming from our new markets in Japan and Dubai.
- Revenue from SaaS for retail is currently on the low end but is expected to increase in the coming quarters as the Group pivots to SaaS offerings to the larger SMEs market.

Project related revenue comprising software licensing and software project services declined 31% from RM75.6 million in 1H FY2020 to RM52.1 million in 1H FY2021.

- The markets remained soft for bookings of larger licence deals. As a result, software licensing revenue decreased by 48% to RM22.2 million in 1H FY2021.
- Software project services segment recorded lower progressive revenue in 1H FY2021. Revenue from this segment declined 10% to RM29.9 million. This is due to key projects nearing completion or projects being delayed at requests of customers. However, the decrease in 1H FY2021 was somewhat mitigated by smaller scale contracts for SIBS tactical modernisation and technology refresh contracts secured in Indonesia and Malaysia in 2H FY2020.
- The Group adopts IFRS revenue recognition standard which mandates the recognition of project revenue on percentage of completion method whereby the revenue recognised may differ due to timing of revenue recognition.

Sale of software and hardware products recorded significantly lower revenue of RM2.0 million in 1H FY2021 as compared to RM20.4 million in 1H FY2020. Hardware sales is very much dependent on the requirements and specification needed to support the smooth implementation of new or enhancement of existing system in place. There were sizeable hardware sales delivered to support the technology refresh contract of banks in Malaysia in 1H FY2020 whereas sale of hardware products in 1H FY2021 could be affected by the deferment of capital expenditure during the pandemic period.

Profitability

Despite a decrease of gross profit from RM221.6 million in 1H FY2020 to RM191.8 million in 1H FY2021, the Group was able to maintain a healthy gross profit margin of 62% in both 1H FY2021 and 1H FY2020.

Following the drop in banks' interest rates amidst COVID-19 pandemic, the Group earned lower finance income from deposits placements with financial institutions in 1H FY2021 as compared with 1H FY2020.

Other income of RM8.3 million in 1H FY2021 was 9% higher than the RM7.6 million reported in 1H FY2020.

- 1H FY2021 recorded RM3.9 million government subsidies and office rental concession from Singapore, Latvia, Malaysia and Hong Kong to support businesses during the COVID-19 pandemic period, RM1.5 million from reversal of expected credit losses on trade receivables collected, RM1.0 million dividend from quoted equity investment, and RM0.4 million gain from investment in money market fund.
- 1H FY2020 recognised a gain of RM5.1 million arising fair value adjustment on the contingent consideration for the acquisition of XIT Group, RM0.4 million from reversal of expected credit losses on trade receivables collected, RM0.8 million dividend from quoted equity investment, and RM0.1 million gain from investment in money market fund.

There was a 18% reduction in selling and distribution costs from RM19.1 million to RM15.7 million in 1H FY2021 as a result of tightening costs during the pandemic period.

Administrative expenses increased by 6% from RM63.8 million to RM67.4 million in 1H FY2021 mainly due to foreign currency exchange loss recorded from translation of bank balances and receivables denominated in foreign currencies in 1H FY2021. This is because of the weakening of USD and SGD, and the increase was also from the cost of Silverlake Axis Ltd. Performance Share Plan in 1H FY2021. The increase was partially offset by higher reversal of allowance for unutilised leave in 1H FY2021.

Finance costs decreased by 28% from RM17.1 million to RM12.2 million in 1H FY2021 mainly due to the end of unwinding of discount on the contingent consideration payable for the acquisition of SISG Group as required by IAS 37 in 1H FY2021, as well as lower interest expense on revolving credit drawn-down.

As a result of the above, the Group's Profit Before Tax declined from RM132.8 million to RM105.4 million in 1H FY2021 with a reduction in EBITDA from RM164.9 million to RM135.7 million in 1H FY2021.

Income tax expense increased from RM32.8 million in 1H FY2020 to RM37.9 million in 1H FY2021. The increase was mainly due to the expiry of pioneer status of a Malaysian subsidiary during Q1 FY2020, reversal of deferred tax assets from the utilisation of unused tax losses of a subsidiary, as well as higher withholding tax on overseas revenue in 1H FY2021 as compared with 1H FY2020.

The Group reported a Profit After Tax of RM67.5 million, a decline of 32% from RM100.0 million in 1H FY2020.

(b) STATEMENTS OF FINANCIAL POSITION REVIEW

Intangible assets

Intangible assets increased from RM300.0 million as at 30 June 2020 to RM307.1 million as at 31 December 2020 mainly due to the capitalisation of software development expenditure incurred for the development of core and digital banking, fintech and other solutions during 1H FY2021. The increase was partially offset by the amortisation of intangible assets for 1H FY2021.

Interest in a joint venture

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

Trade and other receivables

Trade and other receivables decreased from RM140.0 million as at 30 June 2020 to RM114.7 million as at 31 December 2020 mainly due to improved collection from customers.

Contract assets/(liabilities)

The net contract liabilities decreased from RM60.0 million as at 30 June 2020 to RM25.2 million as at 31 December 2020. The components of contract assets and contract liabilities are presented as follows:

	As at 31-Dec-20	As at 30-Jun-20	Change
	RM	RM	%
Contract assets			
Amounts due from customers for contract work-in-progress (<i>Note (i)</i>)	49,684,626	49,197,340	1
Advance maintenance costs (<i>Note (ii)</i>)	4,607,542	6,408,766	(28)
Prepaid license and hardware costs	1,648,018	1,587,970	4
Less: Expected credit losses	(163,431)	(163,431)	0
Total contract assets recognised under current assets	55,776,755	57,030,645	(2)
Contract liabilities			
Amounts due to customers for contract work-in-progress (<i>Note (i)</i>)	(17,003,087)	(24,273,613)	(30)
Advance maintenance fees (<i>Note (ii)</i>)	(58,208,701)	(84,054,573)	(31)
Deferred revenue (<i>Note (iii)</i>)	(5,785,960)	(8,660,776)	(33)
Total contract liabilities recognised under current liabilities	(80,997,748)	(116,988,962)	(31)
Net contract liabilities	(25,220,993)	(59,958,317)	(58)

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

The net amount due from customers for contract work-in-progress as at 31 December 2020 was RM32.7 million as compared with RM24.9 million as at 30 June 2020 and this was mainly due to the timing of billings and revenue recognition for the contracts on hand.

- (ii) Advance maintenance costs/fees represent maintenance fees billed in advance, for which costs/revenue will be recognised over the contractual period, typically twelve months. The net decrease in advance maintenance fees from RM77.6 million as at 30 June 2020 to RM53.6 million as at 31 December 2020 was mainly due to the recognition of maintenance revenue following the performance services in 1H FY2021.
- (iii) Deferred revenue decreased from RM8.7 million as at 30 June 2020 to RM5.8 million as at 31 December 2020 following the decrease in advance maintenance fees as explained in Note (ii) above, where the portion of advance maintenance fees reallocated to the unutilised free man-days recognised as deferred revenue in compliance with the requirement of IFRS 15 will be recognised as revenue when they are either utilised, exercised, expired or lapsed during the period.

Amounts due from/(to) related parties

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

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

This financial asset represents the Group's retained equity interest in Global InfoTech Co. Ltd. ("GIT").

The decrease in investment in quoted equity shares from RM310.2 million as at 30 June 2020 to RM275.1 million as at 31 December 2020 was due to the revaluation of the 37.1 million GIT shares held at each reporting date in accordance with IFRS 9 Financial

Instruments. The RM17.2 million unrealised fair value loss from remeasurement of shares was recognised in Other Comprehensive Income for the financial period ended 31 December 2020.

Cash and bank balances

Cash and bank balances decreased from RM496.7 million as at 30 June 2020 to RM467.3 million as at 31 December 2020 mainly due to cash outflow from financing activities of RM40.8 million, RM25.8 million, RM14.6 million and RM5.5 million for net repayment of revolving credit, payment of dividend to shareholders, share buy back and payment of lease liabilities respectively, as well as cash outflow from investing activities of RM17.0 million for software development expenditures. The decrease was partially offset by cash inflow from operating activities of RM78.0 million.

Total current and non-current loans and borrowings

Loans and borrowings decreased from RM150.9 million as at 30 June 2020 to RM104.9 million as at 31 December 2020 due to the repayment of revolving credit and lease liabilities during 1H FY2021.

Deferred tax

The Group recorded net deferred tax liabilities of RM1.8 million as at 31 December 2020 as compared to net deferred tax assets of RM4.5 million as at 30 June 2020 mainly due to the utilisation of unused tax losses carried forward from a subsidiary in 1H FY2021.

Trade and other payables

Trade and other payables amounted to RM215.8 million as at 31 December 2020 as compared to RM358.5 million as at 30 June 2020.

The Company had on 27 August 2020 entered into an agreement with the vendors of SISG Group whereby the vendors agreed that 20% of the Earn-Out Consideration ("EOC") shall be settled by cash payment, and 80% EOC to be settled by Earn-Out Consideration Shares ("EOC Shares").

In accordance with IFRS 3 Business Combinations, the difference between the pre-determined value of the EOC Shares as stipulated in Sale and Purchase Agreement and the Company's share price as at each reporting date, will be accounted for via equity. Accordingly, the Group has remeasured the 80% EOC Shares as at 31 December 2020. The fair value of the EOC Shares has decreased by RM142.7 million with the fair value adjustment recognised in equity through retained profits as at 31 December 2020.

Put liability

This financial liability refers to the present value of the estimated exercise price for the put option on the remaining 20% equity interest in XIT Group. Any subsequent changes in its value will be recognised in profit or loss.

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

Not applicable.

10. 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.

The market landscape continues to remain challenging despite some initial euphoria on vaccine development and deployment. Optimism that this would bring about a quick economic recovery has diminished and the reality is that it may be a long haul before we get back to pre-COVID-19 levels. Some countries are still experiencing increased levels of COVID-19 cases and most are still actively operating under varying levels of restrictions and controls in movements. The business climate remains uncertain and, in our view, this will likely be the case for the most part of this year.

Our customers are still hesitant to take bold steps to invest in transformational big ticket IT projects. The prevailing approach remains to retain their existing technology investments and incrementally add on or upgrade to what they have. Spend in this area is showing momentum and strong growth for the Group, given our large footprint and coverage in Asia. Our focus in the near and medium term is to work closely with our customers to help them optimise on their existing Silverlake solution investments – to provide the enhancements and extended capabilities that they need as they ride through this period of uncertainty.

Our focus will be to execute on our strategy broadly in two dimensions:

1. To provide our customers the support and solutions they require to remain resilient during the pandemic with these activities and initiatives.

We shall continue to provide uncompromising high levels of service that our customers expect from the Group.

- Since early 2020 when the pandemic began till now, we have provided uninterrupted and uncompromised service level quality to all our customers. We organised for remote work quickly and were able to support from both an onsite and on a remote basis. In this respect, we received encouraging letters of commendation from quite a number of our esteemed customers.

An absolute key priority is that we work with our customers closely to provide quick-win COVID-19 solutions so that they can compete effectively in their marketplace. E.g. Loan moratorium collections management and digital onboarding.

- Our services team was able to work closely in a very complex and evolving environment to ensure loan moratorium enabling and enhancement to loan modules for recalibration of late charges.
- For 1H FY2021, our teams have secured over RM180 million of deals in supporting, enhancing, modernising and enabling digital capabilities to our customers.

2. Internally prepare and transform the organisation equipped with the appropriate tools, capabilities and dynamic solutions suite for the post pandemic operating models and landscape.

Internally, we shall spend prudently, preserve cash and manage our operations efficiently.

- During Q2 FY2021, we were able to generate operating cash of RM36 million and RM78 million for 1H FY2021; our cash balance at the end of the quarter is at a healthy circa RM500 million.
- Our total OPEX for 1H FY2021 has also been reduced by 5% over 1H FY2020 and we are focused on both tightening costs and driving efficiencies in 2H FY2021.
- We have consolidated our various banking operating entities into one vertical to extract both cost and operational efficiencies as part of our Group's larger transformation agenda.

We are taking this period of economic uncertainty to transform and optimise our business operations.

- We are well underway in executing on our multi-year transformation project with the objective of driving higher revenues and profits through investments in new generation products, expand sales capabilities, driving internal efficiencies, pivoting to cloud and SaaS model, and selective acquisitions and expansion.
- Through our People & Culture initiative, we have overhauled our retention and hiring strategies as well as focused on building a resilient and engaged workforce with opportunities to excel within and across the Group.

We have positioned our new 5th generation digital banking product MÖBIUS and provided our customers with a future roadmap for our core banking solution.

- After the official launch of MÖBIUS at Asian Financial Services Congress in August 2020, we have made significant progress in bringing this to market. In the last 6 months, we were active in communicating to our key customers on our new roadmap and in the process responded to more than a dozen RFI and RFP's and engaged with consulting, systems integration and other solution partners.
- We continue to invest and extend the capabilities of this product with a new MÖBIUS card platform under development and scheduled for release at end 2021.

Pursue selective partnerships and mergers and acquisitions.

- In the first half of the year, we have prospected and evaluated more than six potential acquisitions; whilst at this date, we have not made any definitive decisions, we will update accordingly as they progress.
- We have a rigorous and structured approach to this discipline to ensure we manage the acquisition and integration risks and have the right business sponsor and necessary support resources. We also engage relevant subject matter experts in tax, risk and finance to evaluate such opportunities.
- We have active collaboration initiatives with multiple partners including AWS, Azure, Alibaba Cloud and global consulting and systems integration firms to bring our product awareness to new customers.

Focus on the post pandemic world and provide the necessary digitisation, core banking transformation path for our customers.

- We have ideated the landscape for our industry beyond the pandemic and are focusing on the products and capabilities that our clients will require post pandemic. These include Artificial Intelligence and analytics solutions; payments and microsystems architecture and we are building those capabilities today in readiness.

Insurtech and Non-Banking Business.

- Though our Insurtech business has experienced some attrition due to the pandemic and the drop in claims volumes, we have continued to invest resources and during the first half, we have established presence in Japan and UAE and continue to build on our presence in Vietnam, Philippines, Thailand and Hong Kong.
- This business is well poised to scale rapidly when the recovery takes place.

As we execute the above and despite this combination of circumstances and uncertainties, there was no material disruption to the Group's operations in 1H FY2021 and the Group continued to deliver on existing contracts as well as a very commendable effort in securing a number of new contracts. A total of over RM180 million of new contracts were closed in 1H FY2021, a testament to the resilience of the Group's businesses and its people.

The Group has proactive strategies in place and has taken measures to minimise and mitigate the impact of COVID-19 to the Group's businesses and its overall ability to serve its customers. The Group has implemented its business continuity plan to minimise disruption to its operations and ensure the viability of its businesses and to safeguard its assets. The Group is deemed to be an essential service provider to the banking and finance industry. None of the Group's major customers have terminated contractual obligations on material contracts nor exercised temporary relief or force majeure clauses. The majority of the Group's revenue was stable, although there have been challenges to our non-banking segments - insurance and retail. Although the Group's key businesses have not been materially affected by measures taken by governments to address the impact of COVID-19, the Group envisages a new operating environment in the post-pandemic era and is innovating to adapt to the rapidly changing conditions.

11. 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? Yes

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

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. 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 our current financial year. The Board is of the view that economic conditions still remain uncertain and it will be prudent for the Group to conserve cash to ensure that the Group has sufficient working capital to sustain the long-term viability of the business taking into consideration our capital requirements and other financial obligations.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

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

Not applicable.

15. A breakdown of sales

Not applicable.

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

Not applicable.

17. 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 2020 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)
	1-7-20 to 31-12-20	1-7-20 to 31-12-20
	RM	RM
Associates of Mr. Goh Peng Ooi ("Silverlake Entities")		
- IPT Mandate ⁽²⁾		
Revenue from Silverlake Entities	-	31,450,985
Service fees to Silverlake Entities	-	(2,888,858)
- Non-Mandate Transactions ⁽³⁾		
Revenue from Silverlake Entities	60,472	-
Service fees to Silverlake Entities	(422,099)	-

⁽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 project services performed by SISG Group to Silverlake Entities; and maintenance services contracted between SISG Group and Silverlake Entities before the completion of acquisition of SISG Group in FY2018.

18. Ageing for amounts owing from related parties

The ageing for amounts owing from related parties as at 31 December 2020 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⁾	13,813,887	5,413,032	8,144,855	256,000	-	-
<u>Non-Mandate Transactions</u> Silverlake Entities	-	-	-	-	-	-
<u>Non-Trade Transactions</u> Silverlake Entities	94,588	94,588	-	-	-	-
Grand Total	13,908,475	5,507,620	8,144,855	256,000	-	-

(Note 2)

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

⁽²⁾ As at 10 February 2021, the amounts due from Silverlake Entities between 61 - 90 days have been fully collected.

19. 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 2020 to be false or misleading in any material aspect.

20. 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

10 February 2021