



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

**Condensed Interim Consolidated  
Financial Statements  
for the six months ended 31 December 2023**

**Table of Contents**

A. Condensed Interim Consolidated Income Statement.....	1
B. Condensed Interim Consolidated Statement of Comprehensive Income....	1
C. Condensed Interim Statements of Financial Position.....	2
D. Condensed Interim Statements of Changes in Equity.....	4
E. Condensed Interim Consolidated Statement of Cash Flows.....	7
F. Notes to the Condensed Interim Consolidated Financial Statements.....	9
G. Other Information required by Listing Rule Appendix 7.2.....	24

**A. Condensed Interim Consolidated Income Statement**

	Note	Group		
		6 months ended 31 December		
		2023 RM	2022 RM	Change %
<b>Revenue</b>	4	397,371,852	392,276,914	1
Cost of sales		(177,217,030)	(162,882,843)	9
<b>Gross profit</b>		220,154,822	229,394,071	(4)
<b>Other items of income</b>				
Finance income		8,171,774	4,483,417	82
Other income		1,857,892	1,962,137	(5)
<b>Other items of expenses</b>				
Selling and distribution costs		(27,468,481)	(22,995,316)	19
Administrative expenses		(87,510,496)	(80,853,031)	8
Finance costs		(4,482,642)	(3,782,240)	19
Share of loss of an associate		(523,636)	(343,278)	53
<b>Profit before tax</b>	5	110,199,233	127,865,760	(14)
Income tax expense	6	(20,875,841)	(28,150,885)	(26)
<b>Profit for the period</b>		89,323,392	99,714,875	(10)
<b>Profit for the period attributable to:</b>				
Owners of the parent		88,644,429	99,318,923	(11)
Non-controlling interests		678,963	395,952	71
		89,323,392	99,714,875	(10)
<b>Earnings per share attributable to the owners of the parent:</b>				
- Basic (sen)	7	3.53	3.96	(11)
- Diluted (sen)	7	3.52	3.95	(11)

**B. Condensed Interim Consolidated Statement of Comprehensive Income**

	Note	Group		
		6 months ended 31 December		
		2023 RM	2022 RM	Change %
<b>Profit for the period</b>		89,323,392	99,714,875	(10)
<b>Other comprehensive (loss)/income:</b>				
Items that may be reclassified to profit or loss in the subsequent periods:				
- Foreign currency translation (loss)/gain		(3,397,984)	9,416,595	(136)
		(3,397,984)	9,416,595	(136)
Items that will not be reclassified to profit or loss in the subsequent periods:				
- Fair value gain/(loss) on financial assets - quoted equity shares		7,168,182	(25,387,868)	(128)
- Deferred tax relating to fair value (gain)/loss on financial assets - quoted equity shares		(667,986)	2,519,872	(127)
- Deferred tax relating to actuarial loss on defined benefit plans		-	61,847	(100)
		6,500,196	(22,806,149)	(129)
Other comprehensive income/(loss) for the period, net of tax		3,102,212	(13,389,554)	(123)
<b>Total comprehensive income for the period</b>		92,425,604	86,325,321	7
<b>Total comprehensive income for the period attributable to:</b>				
Owners of the parent		91,746,641	85,929,369	7
Non-controlling interests		678,963	395,952	71
		92,425,604	86,325,321	7

**C. Condensed Interim Statements of Financial Position**

	Note	Group		Company	
		31 December 2023 RM	30 June 2023 RM	31 December 2023 RM	30 June 2023 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment		11,762,460	11,713,163	24,780	29,648
Right-of-use assets		24,480,993	26,703,864	-	-
Intangible assets	8	427,702,049	409,304,299	-	-
Investments in subsidiaries	9	-	-	2,288,272,280	2,259,360,871
Investment in an associate	10	13,425,421	5,650,767	-	-
Financial assets at fair value through other comprehensive income - quoted equity shares		242,570,022	2,800,000	-	-
Amount due from a subsidiary		-	-	152,331,421	145,607,986
Deferred tax assets		51,548,874	49,984,324	-	-
		771,489,819	506,156,417	2,440,628,481	2,404,998,505
<b>Current assets</b>					
Inventories		1,015,866	399,155	-	-
Trade and other receivables	11	146,249,495	185,797,367	214,180	156,811
Contract assets	12	177,801,153	154,441,619	-	-
Prepayments		4,094,085	4,000,523	135,049	42,518
Dividend receivable		-	-	-	41,262,000
Amounts due from subsidiaries		-	-	204,435	93,954
Amounts due from related parties		15,696,746	7,747,946	-	-
Loans to subsidiaries		-	-	4,893,609	4,865,478
Tax recoverable		3,188,355	6,433,217	-	-
Financial assets at fair value through other comprehensive income - quoted equity shares		-	236,434,408	-	-
Financial assets at fair value through profit or loss - money market fund		7,715,852	27,544,302	-	-
Derivative asset	13	-	2,586	-	-
Cash and bank balances		516,930,142	504,249,343	81,825,134	120,155,839
		872,691,694	1,127,050,466	87,272,407	166,576,600
<b>Total assets</b>		1,644,181,513	1,633,206,883	2,527,900,888	2,571,575,105
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	15(a)	1,845,200,087	1,845,200,087	1,845,200,087	1,845,200,087
Treasury shares	15(c)	(196,744,895)	(196,600,677)	(196,744,895)	(196,600,677)
Other reserves	16	4,091,325	(1,967,926)	298,886,016	265,644,529
Merger deficit	17	(1,943,942,990)	(1,943,942,990)	-	-
Retained profits		1,470,230,498	1,433,502,822	441,692,992	498,095,391
<b>Equity attributable to owners of the parent</b>		1,178,834,025	1,136,191,316	2,389,034,200	2,412,339,330
Non-controlling interests		14,483,615	13,804,652	-	-
<b>Total equity</b>		1,193,317,640	1,149,995,968	2,389,034,200	2,412,339,330

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

	Note	Group		Company	
		31 December 2023 RM	30 June 2023 RM	31 December 2023 RM	30 June 2023 RM
<b>EQUITY AND LIABILITIES (cont'd)</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	18	152,041,669	171,950,644	135,366,568	152,731,692
Deferred tax liabilities		41,861,814	44,130,441	-	-
Provision for defined benefit liabilities		14,663,317	13,763,331	-	-
		<b>208,566,800</b>	<b>229,844,416</b>	<b>135,366,568</b>	<b>152,731,692</b>
<b>Current liabilities</b>					
Trade and other payables		110,077,492	112,308,808	2,495,277	3,560,926
Contract liabilities	12	102,629,057	112,978,637	-	-
Loans and borrowings	18	8,382,052	7,561,360	-	-
Amounts due to subsidiaries		-	-	691,153	2,548,370
Amounts due to related parties		2,126,206	873,424	-	-
Tax payable		19,082,266	19,644,270	313,690	394,787
		<b>242,297,073</b>	<b>253,366,499</b>	<b>3,500,120</b>	<b>6,504,083</b>
<b>Total liabilities</b>		<b>450,863,873</b>	<b>483,210,915</b>	<b>138,866,688</b>	<b>159,235,775</b>
<b>Net current assets</b>		<b>630,394,621</b>	<b>873,683,967</b>	<b>83,772,287</b>	<b>160,072,517</b>
<b>Total equity and liabilities</b>		<b>1,644,181,513</b>	<b>1,633,206,883</b>	<b>2,527,900,888</b>	<b>2,571,575,105</b>

**D. Condensed Interim Statements of Changes in Equity**

		Attributable to owners of the parent							
		<----- Non-distributable ----->							
Group	Note	Share capital (Note 15(a)) RM	Treasury shares (Note 15(c)) RM	Other reserves (Note 16) RM	Merger deficit (Note 17) RM	Distributable retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
<b>2024</b>									
<b>At 1 July 2023</b>		1,845,200,087	(196,600,677)	(1,967,926)	(1,943,942,990)	1,433,502,822	1,136,191,316	13,804,652	1,149,995,968
Profit for the period		-	-	-	-	88,644,429	88,644,429	678,963	89,323,392
Other comprehensive income for the period		-	-	3,102,212	-	-	3,102,212	-	3,102,212
<b>Total comprehensive income for the period</b>		-	-	3,102,212	-	88,644,429	91,746,641	678,963	92,425,604
<u>Transactions with owners</u>									
Purchase of treasury shares	15(c)	-	(144,218)	-	-	-	(144,218)	-	(144,218)
Grant of shares under Performance Share Plan		-	-	2,957,039	-	-	2,957,039	-	2,957,039
Dividends on ordinary shares	19	-	-	-	-	(51,916,753)	(51,916,753)	-	(51,916,753)
<b>Total transactions with owners in their capacity as owners</b>		-	(144,218)	2,957,039	-	(51,916,753)	(49,103,932)	-	(49,103,932)
<b>At 31 December 2023</b>		1,845,200,087	(196,744,895)	4,091,325	(1,943,942,990)	1,470,230,498	1,178,834,025	14,483,615	1,193,317,640

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

		Attributable to owners of the parent							
		<----- Non-distributable ----->							
Group	Note	Share capital (Note 15(a)) RM	Treasury shares (Note 15(c)) RM	Other reserves (Note 16) RM	Merger deficit (Note 17) RM	Distributable retained profits RM	Total RM	Non- controlling interests RM	Total equity RM
<b>2023</b>									
<b>At 1 July 2022</b>		1,845,200,087	(197,775,703)	(63,103,242)	(1,943,942,990)	1,321,682,810	962,060,962	13,117,540	975,178,502
Profit for the period		-	-	-	-	99,318,923	99,318,923	395,952	99,714,875
Other comprehensive (loss)/income for the period		-	-	(13,451,401)	-	61,847	(13,389,554)	-	(13,389,554)
<b>Total comprehensive (loss)/income for the period</b>		-	-	(13,451,401)	-	99,380,770	85,929,369	395,952	86,325,321
<u>Transactions with owners</u>									
Purchase of treasury shares		-	(4,312,475)	-	-	-	(4,312,475)	-	(4,312,475)
Grant of shares under Performance Share Plan		-	-	6,987,168	-	-	6,987,168	-	6,987,168
Dividends on ordinary shares	19	-	-	-	-	(56,843,142)	(56,843,142)	-	(56,843,142)
<b>Total transactions with owners in their capacity as owners</b>		-	(4,312,475)	6,987,168	-	(56,843,142)	(54,168,449)	-	(54,168,449)
<b>At 31 December 2022</b>		1,845,200,087	(202,088,178)	(69,567,475)	(1,943,942,990)	1,364,220,438	993,821,882	13,513,492	1,007,335,374

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

		Attributable to owners of the parent				
		Non-distributable				
Company	Note	Share capital (Note 15(a)) RM	Treasury shares (Note 15(c)) RM	Other reserves (Note 16) RM	Distributable retained profits RM	Total equity RM
<b>2024</b>						
<b>At 1 July 2023</b>		1,845,200,087	(196,600,677)	265,644,529	498,095,391	2,412,339,330
Loss for the period		-	-	-	(4,485,646)	(4,485,646)
Other comprehensive income for the period		-	-	30,284,448	-	30,284,448
<b>Total comprehensive income/(loss) for the period</b>		-	-	30,284,448	(4,485,646)	25,798,802
<u>Transactions with owners</u>						
Purchase of treasury shares	15(c)	-	(144,218)	-	-	(144,218)
Grant of shares under Performance Share Plan		-	-	2,957,039	-	2,957,039
Dividends on ordinary shares	19	-	-	-	(51,916,753)	(51,916,753)
<b>Total transactions with owners in their capacity as owners</b>		-	(144,218)	2,957,039	(51,916,753)	(49,103,932)
<b>At 31 December 2023</b>		1,845,200,087	(196,744,895)	298,886,016	441,692,992	2,389,034,200
<b>2023</b>						
<b>At 1 July 2022</b>		1,845,200,087	(197,775,703)	67,357,946	549,240,210	2,264,022,540
Profit for the period		-	-	-	2,190,447	2,190,447
Other comprehensive income for the period		-	-	87,827,560	-	87,827,560
<b>Total comprehensive income for the period</b>		-	-	87,827,560	2,190,447	90,018,007
<u>Transactions with owners</u>						
Purchase of treasury shares		-	(4,312,475)	-	-	(4,312,475)
Grant of shares under Performance Share Plan		-	-	6,987,168	-	6,987,168
Dividends on ordinary shares	19	-	-	-	(56,843,142)	(56,843,142)
<b>Total transactions with owners in their capacity as owners</b>		-	(4,312,475)	6,987,168	(56,843,142)	(54,168,449)
<b>At 31 December 2022</b>		1,845,200,087	(202,088,178)	162,172,674	494,587,515	2,299,872,098

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

**E. Condensed Interim Consolidated Statement of Cash Flows**

	Note	Group	
		6 months ended 31 December	
		2023 RM	2022 RM
<b>Operating activities:</b>			
Profit before tax		110,199,233	127,865,760
<b>Adjustments for:</b>			
Amortisation of intangible assets	5	14,503,036	13,372,578
Depreciation of property, plant and equipment		1,974,894	1,778,404
Depreciation of right-of-use assets		4,551,350	4,155,529
Write off of property, plant and equipment		17,234	-
Net (gain)/loss on disposal of property, plant and equipment		(1,510)	39,244
Net gain on lease modifications		-	(107,156)
Bad debts written off		15,564	3,450
Reversal of expected credit losses on trade receivables		(13,630)	(147,728)
Reversal of provision for foreseeable losses		(127,648)	(463,515)
Dividend income from financial assets - quoted equity shares		(21,000)	(42,000)
Gain on redemption of financial assets - money market fund		(53,182)	(453,030)
Net unrealised foreign currency exchange loss		1,380,135	417,278
Performance shares issued		2,957,039	6,987,168
Waiver of debts		(33,905)	-
Allowance/(reversal of allowance) for unutilised leave		64,460	(2,932,731)
Defined benefit obligation		939,470	898,526
Share of loss of an associate		523,636	343,278
Finance costs		4,482,642	3,782,240
Finance income		(8,171,774)	(4,483,417)
<b>Total adjustments</b>		<b>22,986,811</b>	<b>23,148,118</b>
<b>Operating cash flows before changes in working capital</b>		<b>133,186,044</b>	<b>151,013,878</b>
<b>Changes in working capital:</b>			
Inventories		(669,048)	(54,726)
Trade and other receivables		37,925,833	(41,505,128)
Contract assets/liabilities		(31,062,194)	(60,709,178)
Amounts due from/to related parties, net		(6,788,149)	5,527,759
Trade and other payables		(3,021,712)	10,857,715
<b>Total changes in working capital</b>		<b>(3,615,270)</b>	<b>(85,883,558)</b>
<b>Cash flows from operations</b>		<b>129,570,774</b>	<b>65,130,320</b>
Net uplift/(placement) of deposits pledged		83,229	(647)
Defined benefits paid		-	(87,898)
Income tax paid		(22,389,252)	(19,871,188)
Interest paid		(4,265,977)	(3,782,240)
<b>Net cash flows from operating activities</b>		<b>102,998,774</b>	<b>41,388,347</b>



**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

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

	Note	Group	
		6 months ended 31 December	
		2023 RM	2022 RM
<b>Investing activities:</b>			
Purchases of property, plant and equipment		(2,043,164)	(1,217,940)
Purchases of right-of-use assets		(87,400)	(46,401)
Payments for software development expenditure		(31,433,490)	(31,917,727)
Payments for other intangible assets		(1,776,218)	(1,204,050)
Proceeds from disposal of property, plant and equipment		1,510	151,594
Proceeds from disposal of right-of-use assets		-	609
Proceeds from redemption of financial assets - money market fund		19,901,633	14,010,213
Investment in an associate		(8,140,008)	-
Purchases of financial assets - money market fund		(20,000)	-
Interest received		7,887,561	4,365,745
Dividend income received from financial assets - quoted equity shares		21,000	42,000
<b>Net cash flows used in investing activities</b>		<b>(15,688,576)</b>	<b>(15,815,957)</b>
<b>Financing activities:</b>			
Dividends paid	19	(51,916,753)	(56,843,142)
Purchase of treasury shares		(144,218)	(4,312,475)
Repayment of revolving credit and term loan		(19,110,377)	(18,066,954)
Payment of principal portion of lease liabilities		(3,970,112)	(3,845,105)
<b>Net cash flows used in financing activities</b>		<b>(75,141,460)</b>	<b>(83,067,676)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,168,738</b>	<b>(57,495,286)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>594,867</b>	<b>8,749,437</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>494,709,601</b>	<b>548,934,775</b>
<b>Cash and cash equivalents at end of the period</b>		<b>507,473,206</b>	<b>500,188,926</b>

	Group	
	6 months ended 31 December	
	2023 RM	2022 RM
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:		
Cash and bank balances per Statements of Financial Position	516,930,142	509,312,876
Less: Pledged deposits	(9,456,936)	(9,123,950)
<b>Cash and cash equivalents at end of the period</b>	<b>507,473,206</b>	<b>500,188,926</b>

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

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

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

The Company regards Zezz FundQ Pte. Ltd. ("Zezz"), an exempt private company incorporated in Singapore, as its holding company.

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

On 14 November 2023, the registered office of the Company was relocated to 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619.

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 2023. 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"). SFRS(I)s are equivalent to International Financial Reporting Standards ("IFRSs").

The condensed interim financial statements for the six months ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the ASC. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2023.

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 2023, 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**

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to SFRS(I) which are effective 1 July 2023 for the Group and the Company:

SFRS(I) 17: Insurance Contracts

Amendments to SFRS(I) 1-8: Definition of Accounting Estimates

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

Amendments to SFRS(I) 1-12: International Tax Reform - Pillar Two Model Rules

Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to SFRS(I) 17: Initial Application of SFRS(I) 17 and SFRS(I) 9 - Comparative Information

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

**2.2 Standards issued but not yet effective**

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

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1: Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-7 and SFRS(I) 7: Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21: Lack of Exchangeability	1 January 2025

**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)

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group intends to adopt these standards when they become effective. The directors of the Company do not anticipate that the application of these standards will have a significant impact on the Group's financial statements.

**2.3 Use of estimates and judgements**

The preparation of the Group's condensed interim consolidated financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. These judgements, estimates and assumptions made were the same as those that applied to the audited consolidated financial statements as at 30 June 2023.

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

Key sources of estimation uncertainty

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

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

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

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

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

The Group capitalised costs relating to the development and enhancement of its new and existing software respectively, upon meeting the criteria for capitalisation as disclosed in Note 2.4(n)(i) of the last annual financial statements for the year ended 30 June 2023. Amortisation of the software begins when development is complete and the software is available for use over the period of expected future benefit (to the maximum of 10 years). The Group reviews the economic useful lives of the software at least once a year. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future amortisation charges could be revised.

**(c) Impairment of goodwill**

The recoverable amounts of the cash-generating units ("CGUs") have been determined based on value in use calculations using projected cash flows from financial budgets approved by management covering a five-year period and do not include restructuring activities that the Group has not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested.

The Group tests goodwill for impairment by assessing the value in use of the underlying CGU. No further impairment loss on goodwill has been recognised in the current reporting period and the previous financial year.

## **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)**

##### **(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 2023 is disclosed in Note 9.

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

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

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

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

The carrying amounts of the Group's trade receivables and contract assets as at 31 December 2023 are disclosed in Note 11 and Note 12 respectively.

##### **(f) Income tax and deferred tax**

The Group is subject to income taxes in numerous jurisdictions in which the Group operates. Significant judgement is required in determining the written-down allowance of intellectual property rights, capital and other tax allowances, and deductibility of certain expenses during the estimation of the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for tax based on estimation of the tax liability due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for all unutilised tax losses and other tax benefits to the extent that it is probable that taxable profit will be available against which the losses and tax benefits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

### **3. Seasonal operations**

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

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

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

	<b>Group</b>		
	<b>6 months ended 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<b>RM</b>	<b>RM</b>	<b>%</b>
<b>Sale of goods or rendering of services</b>			
Software licensing	26,477,162	55,996,229	(53)
Software project services (professional services)	63,901,334	40,940,801	56
Maintenance and enhancement services	267,870,069	249,787,731	7
Sale of system software and hardware products	8,147,493	17,281,422	(53)
Insurance ecosystem transactions and services	28,576,973	26,339,764	8
Retail transactions processing	2,398,821	1,930,967	24
<b>Total revenue from contracts with customers</b>	<b>397,371,852</b>	<b>392,276,914</b>	<b>1</b>

**5. Profit before tax**

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

	<b>Group</b>		
	<b>6 months ended 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<b>RM</b>	<b>RM</b>	<b>%</b>
Amortisation of intangible assets	(14,503,036)	(13,372,578)	8
Depreciation of property, plant and equipment	(1,974,894)	(1,778,404)	11
Depreciation of right-of-use assets	(4,551,350)	(4,155,529)	10
Write off of property, plant and equipment	(17,234)	-	N/M
Net gain**/(loss)* on disposal of property, plant and equipment	1,510	(39,244)	(104)
Net gain on lease modifications	-	107,156	(100)
Bad debts written off*	(15,564)	(3,450)	351
Reversal of expected credit losses on trade receivables**	13,630	147,728	(91)
Reversal of provision for foreseeable losses	127,648	463,515	(72)
Dividend income from financial assets - quoted equity shares**	21,000	42,000	(50)
Gain on redemption of financial assets - money market fund**	53,182	453,030	(88)
Net foreign currency exchange loss*:			
- Realised	(1,336,033)	(3,393,498)	(61)
- Unrealised	(1,380,135)	(417,278)	231
Performance shares issued	(2,957,039)	(6,987,168)	(58)
Waiver of debts**	33,905	-	N/M
(Allowance)/reversal of allowance for unutilised leave	(64,460)	2,932,731	(102)
Adjustments for (under)/over provision of tax in respect of prior years	(630)	542,815	(100)

\* Included in other operating expenses

\*\* Included in other operating income

N/M = Not Meaningful

**6. Income tax expense**

	<b>Group</b>		
	<b>6 months ended 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<b>RM</b>	<b>RM</b>	<b>%</b>
Current income tax	24,978,871	22,684,225	10
Deferred tax	(4,103,030)	5,466,660	(175)
<b>Total income tax expense</b>	<b>20,875,841</b>	<b>28,150,885</b>	<b>(26)</b>

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

**7. Earnings per share**

	<b>Group</b>	
	<b>6 months ended 31 December 2023</b>	<b>2022</b>
Profit net of tax attributable to owners of the parent (RM)	88,644,429	99,318,923
Weighted average number of ordinary shares for basic earnings per share computation *	2,511,822,056	2,509,861,663
Basic earnings per share (RM sen)	3.53	3.96
Weighted average number of ordinary shares for diluted earnings per share computation **	2,514,887,794	2,515,861,663
Diluted earnings per share (RM sen)	3.52	3.95

\* 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 3,065,738 (31 December 2022: 6,000,000) shares.

**8. Intangible assets**

	<b>Group</b>	
	<b>As at 31 December 2023</b>	<b>As at 30 June 2023</b>
	<b>RM</b>	<b>RM</b>
Software development expenditure	246,970,397	226,886,173
Purchased software	5,752,683	4,515,491
Proprietary software	16,236,868	18,170,624
Customer relationship	6,804,170	7,989,123
Goodwill	151,937,931	151,742,888
<b>Net carrying amount</b>	<b>427,702,049</b>	<b>409,304,299</b>

**9. Investments in subsidiaries**

	<b>Company</b>	
	<b>As at 31 December 2023</b>	<b>As at 30 June 2023</b>
	<b>RM</b>	<b>RM</b>
<b>Shares at cost, unquoted</b>		
At beginning of the year	2,585,511,074	2,411,130,014
Disposal of subsidiaries	-	(108,337,291)
Contribution to subsidiaries arising from:		
- Internal restructuring	-	71,036,370
- Performance Share Plan granted to key management personnel and contract employee	-	651,340
Currency translation differences	32,987,464	211,030,641
At end of the period/year	<b>2,618,498,538</b>	<b>2,585,511,074</b>
<b>Accumulated impairment losses</b>		
At beginning of the year	326,150,203	299,591,513
Currency translation differences	4,076,055	26,558,690
At end of the period/year	<b>330,226,258</b>	<b>326,150,203</b>
<b>Net carrying amount</b>	<b>2,288,272,280</b>	<b>2,259,360,871</b>

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

**F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)****9. Investments in subsidiaries (cont'd)****Contribution to subsidiaries in financial year ended 30 June 2023****(i) Internal restructuring**

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

As a result of the Group's internal restructuring, the Company recognised a resultant loss on Disposal of RM38,157,427 in the income statement and contributed RM71,036,370 in assets to FPL for the financial year ended 30 June 2023.

The internal restructuring which involved the transfer of subsidiaries within the Group did not have any impact to the financial performance and position of the Group.

**(ii) Performance Share Plan**

In the previous financial year, the Company contributed RM651,340 to subsidiaries as a result of the shares granted and released to a key management personnel pursuant to the Silverlake Axis Ltd. Performance Share Plan (Note 15(c)(ii)).

**Impairment testing of investments in subsidiaries**

In the previous financial year, management performed an impairment test on investments in subsidiaries with indications of impairment. The carrying value of the Company's investments in subsidiaries has been tested for impairment by discounting the total estimated future cash flows of the subsidiaries' business using long-term growth rate ranging from 2% to 3% and discount rate ranging from 11% to 16%, 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 2023.

**10. Investment in an associate**

	<b>Group</b>	
	<b>As at 31 December 2023 RM</b>	<b>As at 30 June 2023 RM</b>
<b>Shares at cost, unquoted</b>		
At beginning of the year	5,650,767	6,118,674
Addition by way of:		
- Cash	8,140,008	-
- Transfer from derivative asset upon exercised call option	2,591	-
Share of loss for the period/year	(523,636)	(954,267)
Currency translation differences	155,691	486,360
At end of the period/year	<b>13,425,421</b>	<b>5,650,767</b>

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

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

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

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

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

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

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

**F. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)****10. Investment in an associate (cont'd)**

On 3 October 2023, FPL has exercised the call option to acquire the remaining 16.37% equity interest in Ancileo with a cash consideration of SGD2,362,984 (equivalent of RM8,140,008). Consequently, the derivative asset which represent the fair value of the call option recognised as at 30 June 2023 (Note 13) has been derecognised with an adjustment to the cost of investment in an associate in the current financial period.

**11. Trade and other receivables**

	Group		Company	
	As at 31 December 2023 RM	As at 30 June 2023 RM	As at 31 December 2023 RM	As at 30 June 2023 RM
<b>Trade receivables</b>				
Third parties	143,917,703	182,909,280	-	-
Less: Expected credit losses	(9,065,159)	(9,145,593)	-	-
<b>Net trade receivables</b>	<b>134,852,544</b>	<b>173,763,687</b>	<b>-</b>	<b>-</b>
<b>Other receivables</b>				
Sundry receivables	7,694,699	8,158,435	214,180	156,811
Deposits	3,702,252	3,875,245	-	-
	11,396,951	12,033,680	214,180	156,811
<b>Total trade and other receivables</b>	<b>146,249,495</b>	<b>185,797,367</b>	<b>214,180</b>	<b>156,811</b>

**12. Contract assets/(liabilities)**

	Group	
	As at 31 December 2023 RM	As at 30 June 2023 RM
<b>Contract assets</b>		
Amounts due from customers for contract work-in-progress	151,281,410	126,661,624
Advance maintenance costs	11,234,160	11,828,180
Prepaid license and hardware costs	15,702,356	16,368,588
	178,217,926	154,858,392
Less: Expected credit losses	(416,773)	(416,773)
<b>Net contract assets</b>	<b>177,801,153</b>	<b>154,441,619</b>
<b>Contract liabilities</b>		
Amounts due to customers for contract work-in-progress	(32,786,590)	(16,179,439)
Advance maintenance fees	(56,132,448)	(87,134,562)
Deferred revenue	(13,710,019)	(9,664,636)
	(102,629,057)	(112,978,637)

Contract assets include amounts due from customers for contract work-in-progress, which are initially recognised for revenue earned from project implementation services and enhancement services as the timing of billing may not coincide with service rendered. Upon acceptance of work progress by the customer and issuance of billing to customer, the amounts recognised as contract assets are reclassified to trade receivables.

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

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



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

**13. Derivative asset**

	Group	
	As at 31 December 2023 RM	As at 30 June 2023 RM
Financial asset at fair value	-	2,586

This represents the fair value of call option in connection with the Second Tranche Acquisition of Ancileo Pte. Ltd. as disclosed in Note 10, accounted for as a derivative asset in accordance with SFRS(I) 9 Financial Instruments.

During the financial period, the call option has been exercised by Fermion Pte. Ltd. and the derivative asset was derecognised with an adjustment to the cost of investment in an associate in the current financial period.

**14. Net asset value**

	Group		Company	
	As at 31 December 2023 sen	As at 30 June 2023 sen	As at 31 December 2023 sen	As at 30 June 2023 sen
Net asset value per ordinary share *	46.93	45.23	95.12	96.04

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

**15. Share capital and treasury shares**

**(a) Ordinary share capital issued and fully paid**

	Group and Company			
	Number of ordinary shares of USD0.02 each		Amount	
	As at 31 December 2023	As at 30 June 2023	As at 31 December 2023 RM	As at 30 June 2023 RM
At beginning and end of the period/year	2,696,472,800	2,696,472,800	1,845,200,087	1,845,200,087

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

**(b) Total number of issued shares excluding treasury shares**

	Group and Company	
	As at 31 December 2023	As at 30 June 2023
Total number of issued shares	2,696,472,800	2,696,472,800
Less: Treasury shares	(184,781,179)	(184,631,179)
Total number of issued shares excluding treasury shares	2,511,691,621	2,511,841,621

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

**15. Share capital and treasury shares (cont'd)**

**(c) Treasury shares**

	Group and Company	
	Number of treasury shares	RM
At 1 July 2022	186,132,479	197,775,703
Purchase of treasury shares	4,498,700	5,377,265
Release of treasury shares pursuant to Performance Share Plan	(6,000,000)	(6,552,291)
At 30 June 2023	184,631,179	196,600,677
At 1 July 2023	184,631,179	196,600,677
Purchase of treasury shares	150,000	144,218
At 31 December 2023	184,781,179	196,744,895

**(i) Purchase of treasury shares**

During the financial period, the Company purchased 150,000 (FY2023: 4,498,700) shares pursuant to the share purchase mandate approved by shareholders on 26 October 2023 (FY2023: 27 October 2022). These shares were acquired by way of market acquisition for a total consideration of RM144,218 (FY2023: RM5,377,265).

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

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

- 5,400,000 PSP shares were awarded and released at the market price of SGD0.335 per share at grant date, amounted to RM5,862,065 to the Group Managing Director; and
- 600,000 PSP shares were awarded and released at the market price of SGD0.335 per share at grant date, amounted to RM651,340 to a key management personnel.

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

The deficit on reissuance of treasury shares in the previous financial year, amounted to RM38,886, was recognised in the loss on reissuance of treasury shares reserve.

The percentage of treasury shares over total ordinary shares net of treasury shares amounts to 7.4% (FY2023: 7.4%).

**16. Other reserves**

	Group		Company	
	As at 31 December 2023 RM	As at 30 June 2023 RM	As at 31 December 2023 RM	As at 30 June 2023 RM
Foreign currency translation reserve	90,983,086	94,381,070	296,396,632	266,112,184
Capital reserve	466,828	466,828	-	-
Statutory reserve	141,159	141,159	-	-
Performance share plan reserve	2,957,039	-	2,957,039	-
Fair value reserve of financial assets at FVOCI	(89,989,132)	(96,489,328)	-	-
Loss on reissuance of treasury shares	(467,655)	(467,655)	(467,655)	(467,655)
	4,091,325	(1,967,926)	298,886,016	265,644,529

These reserves are not available for dividend distribution to shareholders.

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

**17. Merger deficit**

	Group	
	As at 31 December 2023 RM	As at 30 June 2023 RM
At beginning and end of the period/year	1,943,942,990	1,943,942,990

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

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

**18. Loans and borrowings**

	Group		Company	
	As at 31 December 2023 RM	As at 30 June 2023 RM	As at 31 December 2023 RM	As at 30 June 2023 RM
<b>Amount repayable in one year or less, or on demand</b>				
- Secured	359,894	267,361	-	-
- Unsecured	8,022,158	7,293,999	-	-
	8,382,052	7,561,360	-	-
<b>Amount repayable after one year</b>				
- Secured	879,860	798,563	-	-
- Unsecured	151,161,809	171,152,081	135,366,568	152,731,692
	152,041,669	171,950,644	135,366,568	152,731,692

**(a) Secured**

Details of any collaterals

The secured facilities of the Group comprise finance leases.

The finance leases are secured by certain right-of-use assets of the Group with a total net carrying amount of RM1,611,412 as at 31 December 2023 (RM1,634,832 as at 30 June 2023).

**(b) Unsecured**

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

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

**19. Dividends**

	<b>Group and Company</b>			
	<b>As at 31 December 2023</b>		<b>As at 30 June 2023</b>	
	<b>Dividend per share SGD/RM</b>	<b>Amount of dividend RM</b>	<b>Dividend per share SGD/RM</b>	<b>Amount of dividend RM</b>
<b>Declared and paid/payable during the financial period/year:</b>				
Dividends on ordinary shares:				
In respect of financial year ended 30 June 2023/2022:				
- Final dividend paid per share, tax exempt (1-tier)	0.0060 / 0.0210	<u>51,916,753</u>	0.0070 / 0.0230	<u>57,570,639</u>
<b>Proposed but not recognised as a liability as at 30 June:</b>				
Final dividend on ordinary shares, subject to shareholders' approval at the Annual General Meeting			0.0060 / 0.0210	<u>51,821,804</u>

**20. Significant related party transactions**

The Group has the following significant related party transactions between the Group and the related parties, who are not members of the Group, which took place on terms agreed between the parties during the financial period:

	<b>Group</b>	
	<b>6 months ended 31 December</b>	
	<b>2023 RM</b>	<b>2022 RM</b>
Sale of goods and rendering of services to related parties:		
- Software licensing	5,468,499	250,380
- Software project services (professional services)	7,442,523	4,506,950
- Maintenance and enhancement services	34,509,579	30,203,999
- Sale of system software and hardware products	-	11,103,586
Service fees paid to related parties	3,602,535	2,071,399
Administrative expenses paid to related parties	399,665	262,664
Data centre and infrastructure support expenses paid to related parties	2,050,257	1,422,372
Other costs reimbursed from related parties	14,406	11,737
Rental paid to related parties	115,200	38,880
Rental paid by related parties	111,488	107,369
Interest income from a related party	-	168

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

**21. Fair values of financial instruments**

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

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

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	<b>Group</b>			<b>Total RM</b>
	<b>Fair value measurements using Level 1 RM</b>	<b>Level 2 RM</b>	<b>Level 3 RM</b>	
<b>Assets and liabilities measured at fair value</b>				
<b>As at 31 December 2023</b>				
<b>Financial assets:</b>				
<u>Non-current asset</u>				
Financial assets at fair value through other comprehensive income - quoted equity shares	242,570,022	-	-	242,570,022
<u>Current asset</u>				
Financial assets at fair value through profit or loss - money market fund	-	7,715,852	-	7,715,852
<b>Financial assets as at 31 December 2023</b>	<b>242,570,022</b>	<b>7,715,852</b>	<b>-</b>	<b>250,285,874</b>
<b>As at 30 June 2023</b>				
<b>Financial assets:</b>				
<u>Non-current asset</u>				
Financial assets at fair value through other comprehensive income - quoted equity shares	2,800,000	-	-	2,800,000
<u>Current assets</u>				
Financial assets at fair value through other comprehensive income - quoted equity shares	236,434,408	-	-	236,434,408
Financial assets at fair value through profit or loss - money market fund	-	27,544,302	-	27,544,302
Derivative asset	-	-	2,586	2,586
<b>Financial assets as at 30 June 2023</b>	<b>236,434,408</b>	<b>27,544,302</b>	<b>2,586</b>	<b>263,981,296</b>
	<b>239,234,408</b>	<b>27,544,302</b>	<b>2,586</b>	<b>266,781,296</b>

There are no financial asset of the Company and no financial liability of the Group and of the Company measured at fair value at the current and previous reporting period.

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

**22. Segment information**

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

Operating and non-operating segments

- (i) Software licensing – provision of digital economy propositions and enterprise solutions to banks and corporations engaged in banking, insurance, government, retail, payment and logistics industries.
- (ii) Software project services (professional services) – provision of software customisation and implementation services to deliver end-to-end core banking, payment, retail, digital identity and security software solutions.
- (iii) Maintenance and enhancement services – provision of round-the-clock software maintenance support and software enhancement services.
- (iv) Sale of system software and hardware products – sale of system software and hardware products to meet clients' 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 Note (b) below, is measured differently from operating profit or loss in the condensed consolidated financial statements.

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

Segment capital expenditure is the total cost incurred during the financial period to acquire segment assets which are expected to be used for more than one period.

Current taxes and deferred taxes are not allocated to individual segments as they are managed on a group basis.

**(a) By geographical segments**

	<b>Group</b>		
	<b>6 months ended 31 December</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<b>RM</b>	<b>RM</b>	<b>%</b>
<b>Revenue</b>			
South East Asia	310,117,629	318,233,722	(3)
North East Asia	14,015,020	14,770,887	(5)
South Asia	15,646,034	26,734,599	(41)
Middle East	32,129,146	14,915,658	115
Americas	1,805,292	1,602,956	13
Africa	11,682,446	5,951,966	96
Europe	11,976,285	10,067,126	19
<b>Total</b>	<b>397,371,852</b>	<b>392,276,914</b>	<b>1</b>

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

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

Group	Software licensing RM	Software project services (professional services) RM	Maintenance and enhancement services RM	Sale of system 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
<b>6 months ended 31 December 2023</b>									
<b>Revenue:</b>									
External customers	26,477,162	63,901,334	267,870,069	8,147,493	28,576,973	2,398,821	-	-	397,371,852
At a point in time	756,981	-	-	8,147,493	23,095,816	-	-	-	32,000,290
Over time	25,720,181	63,901,334	267,870,069	-	5,481,157	2,398,821	-	-	365,371,562
Inter-segment	-	-	-	-	-	-	6,889,600	(6,889,600) <sup>(1)</sup>	-
<b>Results:</b>									
Finance income	232,832	816,655	3,234,824	90,274	370,119	37,506	3,389,564	-	8,171,774
Finance costs	(44,229)	(81,895)	(346,027)	(5,309)	(6,137)	(10,463)	(3,988,582)	-	(4,482,642)
Selling and distribution costs	(2,307,527)	(4,074,206)	(12,194,573)	(879,316)	(1,593,062)	(392,182)	(6,027,615)	-	(27,468,481)
Depreciation of property, plant and equipment	(144,439)	(337,350)	(982,995)	(33,390)	(277,547)	(38,917)	(160,256)	-	(1,974,894)
Depreciation of right-of-use assets	(319,477)	(715,773)	(2,883,494)	(51,325)	(242,387)	(42,175)	(296,719)	-	(4,551,350)
Amortisation of intangible assets	(12,570,797)	-	(803,930)	-	(361,833)	(236,693)	(529,783)	-	(14,503,036)
Share of loss of an associate	-	-	-	-	-	-	(523,636)	-	(523,636)
Other non-cash expenses	(72,956)	(149,865)	(789,158)	(47,135)	(1,054,354)	(29,203)	(2,980,356)	-	(5,123,027)
Segment profit/(loss)	9,472,132	8,196,862	158,708,024	794,509	17,268,018	77,373	(84,317,685)	-	110,199,233
<b>As at 31 December 2023</b>									
<b>Assets:</b>									
Capital expenditure	29,785,095	847,071	2,032,776	48,734	1,810,152	4,522	2,417,111	-	36,945,461
Segment assets	173,628,008	282,539,423	644,754,387	18,304,297	101,679,987	6,057,415	362,480,767	54,737,229 <sup>(2)</sup>	1,644,181,513
<b>Segment liabilities</b>	<b>17,388,476</b>	<b>42,032,096</b>	<b>161,145,747</b>	<b>3,406,097</b>	<b>15,216,454</b>	<b>901,271</b>	<b>149,829,652</b>	<b>60,944,080<sup>(2)</sup></b>	<b>450,863,873</b>

<sup>(1)</sup> Inter-segment dividend is eliminated on consolidation.<sup>(2)</sup> Tax items such as tax recoverable/payable and deferred tax assets/liabilities are managed on a group basis and are not allocated to individual segment, and are herein added to segment assets/liabilities to arrive at total assets/liabilities reported in consolidated statement of financial position.

**SILVERLAKE AXIS LTD.**

(Company Registration No. 202133173M)

(Registered in Singapore)

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

Group	Software licensing RM	Software project services (professional services) RM	Maintenance and enhancement services RM	Sale of system 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
<b>6 months ended 31 December 2022</b>									
<b>Revenue:</b>									
External customers	55,996,229	40,940,801	249,787,731	17,281,422	26,339,764	1,930,967	-	-	392,276,914
At a point in time	6,622,816	-	-	17,281,422	21,369,128	-	-	-	45,273,366
Over time	49,373,413	40,940,801	249,787,731	-	4,970,636	1,930,967	-	-	347,003,548
Inter-segment	-	-	-	-	-	-	58,873,360	(58,873,360) <sup>(1)</sup>	-
<b>Results:</b>									
Finance income	282,238	380,870	1,718,931	94,747	181,141	26,036	1,799,454	-	4,483,417
Finance costs	(139,842)	(365,236)	(759,294)	(9,936)	(75,183)	(11,188)	(2,421,561)	-	(3,782,240)
Selling and distribution costs	(2,064,229)	(3,019,323)	(10,894,925)	(961,150)	(1,509,326)	(232,608)	(4,313,755)	-	(22,995,316)
Depreciation of property, plant and equipment	(148,832)	(248,499)	(890,821)	(40,746)	(327,375)	(35,737)	(86,394)	-	(1,778,404)
Depreciation of right-of-use assets	(571,314)	(630,213)	(2,491,211)	(105,677)	(161,868)	(37,653)	(157,593)	-	(4,155,529)
Amortisation of intangible assets	(10,958,493)	-	(865,844)	-	(931,033)	(189,097)	(428,111)	-	(13,372,578)
Share of loss of an associate	-	-	-	-	-	-	(343,278)	-	(343,278)
Reversal of provision for foreseeable losses	-	463,515	-	-	-	-	-	-	463,515
Dividend income from financial assets	-	-	-	-	-	-	42,000	-	42,000
- quoted equity shares	-	-	-	-	-	-	42,000	-	42,000
Other non-cash income/(expenses)	67,537	143,102	1,330,642	163,313	445,812	(16,678)	(6,838,749)	-	(4,705,021)
Segment profit/(loss)	32,404,067	6,520,682	136,201,691	(68,668)	17,011,157	(320,789)	(63,882,380)	-	127,865,760
<b>As at 30 June 2023</b>									
<b>Assets:</b>									
Capital expenditure	76,839,832	1,297,361	6,003,917	41,988	2,668,712	4,046	3,721,393	-	90,577,249
Segment assets	141,773,001	270,735,242	652,750,039	19,701,386	92,599,003	5,759,975	393,470,696	56,417,541 <sup>(2)</sup>	1,633,206,883
<b>Segment liabilities</b>									
	10,948,884	10,643,946	212,150,078	4,054,494	11,941,210	800,220	168,897,372	63,774,711 <sup>(2)</sup>	483,210,915

<sup>(1)</sup> Inter-segment dividend is eliminated on consolidation.<sup>(2)</sup> Tax items such as tax recoverable/payable and deferred tax assets/liabilities are managed on a group basis and are not allocated to individual segment, and are herein added to segment assets/liabilities to arrive at total assets/liabilities reported in consolidated statement of financial position.



**G. Other Information required by Listing Rule Appendix 7.2**

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

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

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

Not applicable.

**3. Review of the performance of the group**

**(a) INCOME STATEMENT REVIEW – Half year period ended 31 December 2023 ("1H FY2024") vs Half year period ended 31 December 2022 ("1H FY2023")**

**Overview**

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

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

In 1H FY2024, Group revenue grew marginally to RM397.4 million, compared to RM392.3 million recorded in 1H FY2023. The Group achieved Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA") of RM127.5 million and Profit After Tax ("PAT") of RM89.3 million in 1H FY2024, a decrease of 13% and 10% respectively as compared to previous year.

**Revenue**

**By Business Activities**

	Group		
	6 months ended 31 December		Change %
	2023 RM	2022 RM	
Software licensing	26,477,162	55,996,229	(53)
Software project services (professional services)	63,901,334	40,940,801	56
Maintenance and enhancement services	267,870,069	249,787,731	7
Sale of system software and hardware products	8,147,493	17,281,422	(53)
Insurance ecosystem transactions and services	28,576,973	26,339,764	8
Retail transactions processing	2,398,821	1,930,967	24
<b>Total</b>	<b>397,371,852</b>	<b>392,276,914</b>	<b>1</b>
Delivered through:			
• Cloud computing	67,780,618	42,800,191	58
• Software-as-a-Service ("SaaS")	38,542,900	26,105,003	48

**Total recurring revenue** (maintenance and enhancement services, insurance ecosystem transactions and services, and retail transactions processing) achieved 7% growth from RM278.1 million to RM298.8 million in 1H FY2024. Recurring revenue contributed 75% of total Group revenue and has consistently been a key revenue contributor for the Group.

- Maintenance revenue recorded double-digit growth of 10% from RM127.6 million to RM139.8 million and enhancement services revenue increased 5% from RM122.2 million to RM128.1 million. These two revenue streams consistently grew at a steady rate but higher in 1H FY2024 as we revised maintenance rates for some clients upon maintenance renewal and we had new maintenance revenue recognition for projects that had been successfully completed and handed over to clients. Furthermore, clients continued to engage us to further enhance, modernise and provide up-to-date features in the platforms they acquired from us. The increase in 1H FY2024 maintenance and enhancement revenue as compared to 1H FY2023 were mainly derived from clients in South East Asia, Middle East and Europe.
- Insurance ecosystem transactions and services revenue increased 8% from RM26.3 million to RM28.6 million in 1H FY2024 particularly in countries such as Malaysia, Singapore and Indonesia. This segment comprises revenue from the processing of motor and non-motor claims ("eClaims"), the processing of insurance policies ("ePolicy"), TrueSight suite of productivity & analytics solutions, and integration and maintenance services (where required), and these solutions contributed approximately

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

72%, 12%, 8% and 8% respectively to the total Insurtech revenue in 1H FY2024. With positive momentum in insurance sector, this revenue segment is expected to grow quarter to quarter.

- Retail transactions processing revenue of RM2.4 million was 24% higher as compared to 1H FY2023. The growth in this revenue segment for the past three (3) years has been strong since the launch of our cloud-based retail solution – AgoraCloud in FY2021. It was first adopted by clients from the retail sector in FY2021 and subsequently extended to clients engaged in the pharmaceutical industry. Over the years, there are increased usage and subscriptions to new modules of AgoraCloud from our existing base of six (6) clients and this has contributed higher revenue year-on-year.

In terms of **total non-recurring revenue** (software licensing, software project services (professional services) and sale of system software and hardware products), this revenue segment contributed RM98.5 million in 1H FY2024, 14% lower compared to RM114.2 million achieved in prior year.

- Software project services (professional services) revenue increased 56% to RM63.9 million as a result of strong revenue flow from services contracts closed this year as well as prior year. These projects were all proceeding as planned.
- Software licensing revenue, however declined 53% to RM26.5 million as license revenue in 1H prior year included one large software licensing transaction from a client in Indonesia. Compensating for that large ticket license booking in 1H prior year, we had major contributions from professional services from key core banking projects secured in the current and previous financial year – namely new MÖBIUS, SIBS and Symmetri core banking installations in Malaysia, Thailand, Indonesia and the Middle East; and digital identity and security software project implementation in Africa.
- Sale of system software and hardware products reduced 53% from RM17.3 million to RM8.1 million in 1H FY2024. Hardware sale is seasonal in nature and dependent on clients' data growth and upgrade requirements.
- 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.

RM67.8 million or 17% of total Group revenue was delivered via cloud computing, 58% higher than RM42.8 million recorded in prior year. The revenue from this segment increased as more and more of our clients are looking at cloud-based solution options to improve business and operational efficiency.

Revenue from SaaS grew 48% to RM38.5 million and now constitutes 10% of our total Group revenue in 1H FY2024. Insurance ecosystem transactions and services, retail transactions processing and MÖBIUS SaaS contracts were the main contributors to the increase in SaaS revenue.

### **Profitability**

The Group recorded a gross profit of RM220.2 million in 1H FY2024, 4% lower than prior year with an aggregate gross profit margin of 55%, lower than the 58% achieved in 1H FY2023. This was due to a change in revenue mix. The proportion of revenue from higher margin business segment such as software licensing, was lower in 1H FY2024 as compared to the same period last year (i.e. software licensing revenue over total Group revenue was 7% in 1H FY2024 versus 14% in 1H FY2023).

Finance income increased 82% from RM4.5 million to RM8.2 million in 1H FY2024 as a result of higher interest earned from deposits placed with financial institutions.

The Group incurred total expenses of RM119.5 million in 1H FY2024. This was 11% higher compared to RM107.6 million recorded in the same period last year. The increase in total expenses of 11% was consistent with the 11% growth in revenue excluding the one large software licensing transaction from 1H FY2023.

- 73% of the RM11.9 million cost increase was associated with annual salary increment post COVID-19 effected in Q3 FY2023, the new headcounts added into the organisation during FY2023 to support business development and business expansion, sales and market coverage, and retirement gratuity paid to key management personnel. Between Q2 of this year versus Q2 prior year, a total of 47 new headcounts were added into our payroll to cover new markets and strengthen our presence.
- The remaining cost increase was related to operating costs such as IT related expenses particularly in software subscription and support as well as laptop leasing for new headcounts, business travels due to economic recovery post pandemic and interest charged on revolving credit utilised.

Overall, the Group's expense (selling, distribution, administrative and finance costs) over revenue ratio of 30% is below the industry benchmark of 40%. It is one of the key metrics used for cost monitoring to ensure the spending are within planned parameters to deliver the existing and future contracts. We continue to monitor the expenses and are committed to execute our five (5)-year strategy, transformation program and restructuring plan to remain competitive and to improve operational efficiency.

In aggregate, the Group achieved Profit Before Tax ("PBT") of RM110.2 million and EBITDA of RM127.5 million in 1H FY2024.

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

Income tax expense decreased 26% from RM28.2 million to RM20.9 million in 1H FY2024. The Group recognised higher deferred tax assets on the deductible temporary differences attributable to business transactions in 1H FY2024 which offset part of the total income tax expense contributed by lesser incentive and bilateral tax relief claimed in 1H FY2024 as compared to the same period last year. As a result, the effective tax rate reduced 3% from 22% to 19% in 1H FY2024.

As a consequence of these factors, the Group reported a Profit After Tax ("PAT") of RM89.3 million in 1H FY2024 and achieved net profit margin of 22%. This is in line with industry benchmark of 20%.

### **(b) STATEMENTS OF FINANCIAL POSITION REVIEW**

#### **Intangible assets**

Intangible assets of the Group increased from RM409.3 million as at 30 June 2023 to RM427.7 million as at 31 December 2023 mainly due to the capitalisation of software development expenditure incurred for the development of core and digital banking, fintech and other solutions. The increase was partially offset by the amortisation of intangible assets for 1H FY2024.

#### **Investment in an associate**

Following the completion of First Tranche Acquisition of 21.68% equity interest in Ancileo Pte. Ltd. ("Ancileo") on 30 June 2022, Ancileo became an associate of the Group. The call option to acquire the remaining 16.37% equity interest in Ancileo ("Second Tranche Acquisition") has been accounted for as a derivative asset in the consolidated statement of financial position in accordance with SFRS(I) 9 Financial Instruments.

The investment in an associate is accounted for using the equity method in the consolidated financial statements. The share of associate's losses for 1H FY2024 of RM0.5 million has been recognised in the consolidated income statement for the financial period ended 31 December 2023.

On 3 October 2023, Fermion Pte. Ltd. has exercised the call option and paid a cash consideration of SGD2,362,984 (equivalent of RM8,140,008) for the Second Tranche Acquisition. Consequently, the derivative asset of RM2,586 as at 30 June 2023 has been derecognised in the current financial period with an adjustment to the cost of investment in an associate. As a result, the investment in an associate increased from RM5.7 million as at 30 June 2023 to RM13.4 million as at 31 December 2023.

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

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

The increase in investment in quoted equity shares from RM239.2 million as at 30 June 2023 to RM242.6 million as at 31 December 2023 was due to the upward fair value adjustment of the GIT and DynaFront shares held at each reporting date in accordance with SFRS(I) 9 Financial Instruments. The RM7.2 million unrealised fair value gain from remeasurement of shares were recognised in other comprehensive income for the financial period ended 31 December 2023.

The carrying amount of the Group's investment in GIT was reclassified from current asset to non-current asset in the current financial period given the potential future growth in China market and the disposal of the Group's GIT shareholding is not expected to be realised within the next twelve months from the reporting period.

#### **Deferred tax**

The Group recorded net deferred tax assets of RM9.7 million as at 31 December 2023 as compared to RM5.9 million as at 30 June 2023 mainly due to higher deferred tax assets recognised on deductible temporary differences attributable to business transactions in 1H FY2024.

#### **Trade and other receivables**

Trade and other receivables decreased from RM185.8 million as at 30 June 2023 to RM146.2 million as at 31 December 2023 mainly due to improved collection from clients.

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

**Contract assets/(liabilities)**

The Group recorded net contract assets of RM75.2 million as at 31 December 2023 as compared to RM41.5 million as at 30 June 2023. The components of contract assets and contract liabilities are presented as follows:

	Group		
	As at 31 December 2023 RM	As at 30 June 2023 RM	Change %
<b>Contract assets</b>			
Amounts due from customers for contract work-in-progress (Note (i))	151,281,410	126,661,624	19
Advance maintenance costs (Note (ii))	11,234,160	11,828,180	(5)
Prepaid license and hardware costs	15,702,356	16,368,588	(4)
Less: Expected credit losses	(416,773)	(416,773)	0
<b>Total contract assets recognised under current assets</b>	<b>177,801,153</b>	<b>154,441,619</b>	15
<b>Contract liabilities</b>			
Amounts due to customers for contract work-in-progress (Note (i))	(32,786,590)	(16,179,439)	103
Advance maintenance fees (Note (ii))	(56,132,448)	(87,134,562)	(36)
Deferred revenue (Note (iii))	(13,710,019)	(9,664,636)	42
<b>Total contract liabilities recognised under current liabilities</b>	<b>(102,629,057)</b>	<b>(112,978,637)</b>	(9)
<b>Net contract assets</b>	<b>75,172,096</b>	<b>41,462,982</b>	81

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

The Group recorded a net amount due from customers for contract work-in-progress of RM118.5 million as at 31 December 2023 as compared with RM110.5 million as at 30 June 2023, mainly due to the timing of billings and revenue recognition for current contracts.

- (ii) Advance maintenance costs/fees represent maintenance fees billed in advance, for which costs/revenue will be recognised over the contractual period, typically twelve months. The net decrease in advance maintenance fees from RM75.3 million as at 30 June 2023 to RM44.9 million as at 31 December 2023 was mainly due to the recognition of maintenance revenue following the performance of services in 1H FY2024.
- (iii) Deferred revenue increased from RM9.7 million as at 30 June 2023 to RM13.7 million as at 31 December 2023 mainly due to bulk man-days contracted by clients whereby the deferred revenue will be recognised as revenue in accordance with SFRS(I) 15 Revenue from Contracts with Customers when the man-days 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 Private Entities") under the approved General Mandate for Interested Person Transactions. These amounts vary from quarter to quarter mainly due to the timing of billings and payments received.

**Cash and bank balances**

The Group's cash and bank balances amounted to RM516.9 million as at 31 December 2023, 3% higher as compared to RM504.2 million as at 30 June 2023 mainly due to:

- (i) cash inflow from operating activities during 1H FY2024 of RM103.0 million;
- (ii) cash inflow from investing activities of RM19.9 million for proceeds from the redemption of money market fund; offset by
- (iii) cash outflow from financing activities of RM51.9 million and RM19.1 million for payment of dividend to shareholders and partial repayment of revolving credit facility respectively; and
- (iv) cash outflow from investing activities of RM31.4 million and RM8.1 million for software development expenditure and acquisition of additional shareholding in an associate respectively.

**Total current and non-current loans and borrowings**

The Group's loans and borrowings decreased from RM179.5 million as at 30 June 2023 to RM160.4 million as at 31 December 2023 following the partial repayment of revolving credit facility in 1H FY2024.

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

Not applicable.

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

**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.**

The first half of our financial year 2024 (July to December) has been punctuated by a series of market, economic and geopolitical events whose effects are wide-ranging and potentially may lead to headwinds for our business and our customer base. Interest rates continue to be held at prevailing rates and guidance from the US Federal Reserve is that any reduction in 2024 will likely be in the second half of calendar 2024. Higher interest rates have raised credit costs and put pressure on the balance sheet of our customers in banking and lead to higher non-performing loans which may curtail spending by our banking customers.

The November US elections and elections in India are also adding complexity and variability to the economic landscape. With heightened volatility, the risk is that the banking industry may revert to being cautious and begin to control operating costs and limit budgets in IT and transformation.

In ASEAN, elections in Indonesia in February 2024 slowed the pace of transformation in financial services as the country's financial infrastructure is heavily dependent on the government and policy decisions. However, the process and forecast results are for a continuing progressive government to be installed that would pave the way to further consolidation and modernisation of the banking infrastructure. Thailand continues to afford us opportunities, though the speed and conversion rate of pipeline opportunities continue to be challenging.

The sales cycle in the first half of the year has been challenging for core banking and consequently license revenue and project services (professional services) revenue. The sentiment from the market is that this will persist through to the end of 2024 with continued weakness in this segment as core replacement and upgrading becomes less of a priority for our customer base. To mitigate this, we have expanded our market coverage and focus on positioning our total suite of products to satisfy budgets of varying levels and accelerate to grow our maintenance and enhancement business at rates higher than past years. We remain focused on enhancing and helping clients realise greater value on the solutions they bought from us. Sentiment indicates a weaker than anticipated market for large scale transformation and core upgrading projects in the ASEAN region for 2024 and the combination of geo-political and economic factors weighing on growth.

Despite these challenges, we were able to maintain our first half revenue with marginal growth. However, profitability has been impacted with rising costs of doing business especially in attracting new talents into our organisation and retaining existing ones, as wages have risen quite markedly for skilled IT workers.

In terms of focus for the next half, the Group will continue to execute and deliver the many projects closed in the last two (2) years. We closed approximately RM240 million worth of deals in the first half which is credible under the circumstances. Also, our pipeline remains robust with total potential deals of about RM1.4 billion, of which in the immediate term, approximately RM150 million are in imminent stages of closure.

More focus will be expanded to growth regions in the Middle East, Eastern Europe, the Indian subcontinent and the African region where demand for our solutions remain robust.

Insurance and retail businesses experienced stable mid to double-digit growth year on year with both segments on target to achieve their operating plans and our majority-owned subsidiary, SIA X Infotech based out of Latvia is closing e-identity and e-passport deals for countries in the Middle East and Africa. Our banking business still contributes the bulk of our revenue and profits and we continue to exercise caution in operating our business; balancing that with the sales and efficient and timely delivery of projects that are currently being implemented. As a business, we have a strong financial and operational foundation, the right suite of products that cater to every size and segment of the financial services universe and a track record of impeccable delivery and support.

**6. If a decision regarding dividend has been made:**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? No

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

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

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

**8. Recurrent Interested Person Transactions of a Revenue or Trading Nature**

The aggregate value of recurrent Interested Person Transactions (“IPT”) of revenue or trading nature conducted during the financial period ended 31 December 2023 by the Group in accordance with the shareholders’ mandates were as follow:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) 1-7-23 to 31-12-23	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000) 1-7-23 to 31-12-23
		<b>RM</b>	<b>RM</b>
Silverlake Private Entities (“SPE”) <sup>(1)</sup>  <b><u>IPT Mandate</u></b> <sup>(2)</sup> <b>Contract value from SPE:</b> <ul style="list-style-type: none"> <li>• Silverlake Cloud Computing Sdn. Bhd. -</li> <li>• Silverlake Innovation Partners Sdn. Bhd. -</li> <li>• Silverlake Capital Market Solution Sdn. Bhd. -</li> <li>• Silverlake Processing Services Sdn. Bhd. -</li> <li>• Silver Peak Technology Integration Services (Beijing) Co., Ltd. -</li> </ul>	Associates of Mr. Goh Peng Ooi	-	4,185,560
		-	16,743,550
		-	15,840,350
		-	5,963,160
		-	3,903,360
		-	<b>46,635,980</b>
<b><u>Non-Mandate Transactions</u></b> <sup>(3)</sup> <b>Contract value from SPE:</b> <ul style="list-style-type: none"> <li>• Silverlake Processing Services Sdn. Bhd.</li> </ul>			737,530
		<b>737,530</b>	-
<b>Service contract fees to SPE:</b> <ul style="list-style-type: none"> <li>• Silverlake Cloud Computing Sdn. Bhd.</li> </ul>		(1,651,200)	-
		<b>(1,651,200)</b>	-

<sup>(1)</sup> 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.

<sup>(2)</sup> The IPT Mandate was approved by shareholders on 24 October 2008 for transactions pursuant to Master License Agreement and Master Services Agreement, and the renewal with the amendments of IPT Mandate was approved by shareholders on 26 October 2023. The IPT Mandate is subject to annual renewal.

<sup>(3)</sup> The Non-Mandate Transactions were derived from the out-of-pocket expenses reimbursed from Silverlake Processing Services Sdn. Bhd. by Silverlake Digitale Sdn. Bhd. and provision of marketing support services by Silverlake Cloud Computing Sdn. Bhd. to Silverlake Sistem Sdn. Bhd.

**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 2023 was as follows:

<b>Name of related parties</b>	<b>Total Due RM</b>	<b>0-30 days RM</b>	<b>31-60 days RM</b>	<b>61-90 days RM</b>	<b>91-180 days RM</b>	<b>&gt; 180 days RM</b>
<b><u>Transactions conducted under the IPT Mandate</u></b> Silverlake Private Entities <sup>(1)</sup>	14,395,909	11,230,189	1,927,345	1,238,375	-	-
<b><u>Non-Mandate Transactions</u></b> Silverlake Private Entities	1,231,732	212,763	1,018,969	-	-	-
<b><u>Non-Trade Transactions</u></b> Silverlake Private Entities	69,105	69,105	-	-	-	-
<b>Grand Total</b>	<b>15,696,746</b>	<b>11,512,057</b>	<b>2,946,314</b>	<b>1,238,375</b>	-	-

(Note 2)

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

<sup>(2)</sup> As at 15 February 2024, the amounts due from Silverlake Private Entities between 61-90 days have 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 2023 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 Chief Executive Officer

15 February 2024