

SILVERLAKE AXIS LTD

Second Quarter Financial Statements And Dividend Announcement For The Financial Period Ended 31 December 2019

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 2019

	Half year period ended 31 December			Second quarter ended 31 December		
	2019 RM	2018 RM	Change %	2019 RM	2018 RM	Change %
Revenue	355,466,919	336,169,834	6	190,688,711	168,987,009	13
Cost of sales	(133,836,797)	(123,190,335)	9	(74,488,538)	(60,924,292)	22
Gross profit	221,630,122	212,979,499	4	116,200,173	108,062,717	8
Other items of income						
Finance income	2,286,045	1,085,331	111	1,203,750	678,432	77
Other income	7,584,679	12,419,463	(39)	6,491,023	12,725,967	(49)
Other items of expenses						
Selling and distribution costs	(19,133,221)	(16,410,524)	17	(9,728,726)	(6,951,880)	40
Administrative expenses	(63,838,882)	(48,048,454)	33	(29,864,304)	(26,575,567)	12
Finance costs	(17,118,585)	(12,728,317)	34	(8,713,092)	(6,479,266)	34
Share of profit/(loss) of a joint venture	1,393,035	(1,258,812)	211	423,960	(886,544)	148
Profit before tax	132,803,193	148,038,186	(10)	76,012,784	80,573,859	(6)
Income tax expense	(32,788,156)	(22,563,547)	45	(23,204,779)	(13,037,431)	78
Profit for the period	100,015,037	125,474,639	(20)	52,808,005	67,536,428	(22)
Profit for the period attributable to:						
Owners of the parent	100,011,558	125,479,205	(20)	52,803,375	67,539,964	(22)
Non-controlling interests	3,479	(4,566)	176	4,630	(3,536)	231
	100,015,037	125,474,639	(20)	52,808,005	67,536,428	(22)
Earnings per share attributable to owners of the parent:						
- Basic (sen)	3.78	4.73	(20)	2.00	2.55	(22)
- Diluted (sen)	3.78	4.73	(20)	2.00	2.54	(21)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year period and second quarter ended 31 December 2019

	Half year period ended 31 December			Second quarter ended 31 December		
	2019 RM	2018 RM	Change %	2019 RM	2018 RM	Change %
Profit for the period	100,015,037	125,474,639	(20)	52,808,005	67,536,428	(22)
Other comprehensive income:						
Items that may be reclassified to profit or loss in subsequent periods:						
Foreign currency translation (loss)/gain*	(4,856,748)	11,181,979	143	(5,947,540)	647,888	1018
Share of foreign currency translation (loss)/gain of a joint venture	(250,594)	76,988	425	-	(91,540)	(100)
	(5,107,342)	11,258,967	145	(5,947,540)	556,348	1169
Items that will not be reclassified to profit or loss in subsequent periods:						
Fair value gain/(loss) on financial assets - quoted equity shares	49,787,209	(60,297,717)	183	53,844,290	(24,936,248)	316
Deferred tax relating to fair value (gain)/loss on financial assets - quoted equity shares	(4,801,822)	5,988,205	180	(5,183,093)	2,502,722	307
	44,985,387	(54,309,512)	183	48,661,197	(22,433,526)	317
Other comprehensive income/(loss) for the period, net of tax	39,878,045	(43,050,545)	193	42,713,657	(21,877,178)	295
Total comprehensive income for the period	139,893,082	82,424,094	70	95,521,662	45,659,250	109
Total comprehensive income for the period attributable to:						
Owners of the parent	139,889,603	82,428,660	70	95,517,032	45,662,786	109
Non-controlling interests	3,479	(4,566)	176	4,630	(3,536)	231
	139,893,082	82,424,094	70	95,521,662	45,659,250	109

* Foreign currency translation (loss)/gain 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.

**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		
	2019 RM	2018 RM	Change %	2019 RM	2018 RM	Change %
Amortisation of intangible assets	(10,685,453)	(8,616,048)	24	(5,415,516)	(4,278,262)	27
Write off of intangible assets	(963)	(176,788)	(99)	-	(174,090)	(100)
Depreciation of property, plant and equipment	(1,859,633)	(2,264,094)	(18)	(952,174)	(1,117,325)	(15)
Depreciation of right-of-use assets	(4,737,326)	-	N/M	(2,390,928)	-	N/M
Write off of property, plant and equipment	(9,126)	(282)	3136	(4,600)	(278)	1555
Net gain/(loss) on disposal of property, plant and equipment**	10,163	9,030,977	(100)	(2,178)	9,030,977	100
Net gain on lease modifications**	179,802	-	N/M	45,904	-	N/M
Bad debts recovered**	-	22,000	(100)	-	22,000	(100)
Bad debts written off*	(353,689)	(4,323)	8082	(115,189)	199	57984
Expected credit losses on trade receivables*	(381,103)	-	N/M	(381,103)	-	N/M
Reversal of expected credit losses on trade receivables**	387,164	190,061	104	148,664	190,061	(22)
Reversal of provision for foreseeable losses	73,923	232,693	(68)	62,085	114,951	(46)
Dividend income from financial assets - quoted equity shares**	809,199	-	N/M	-	-	N/M
Gain on redemption of financial assets - money market fund	120,024	175,384	(32)	53,386	29,740	80
Net foreign currency exchange (loss)/gain**:						
- realised	(2,556,976)	2,233,135	215	(1,861,804)	3,148,021	159
- unrealised	(1,160,463)	178,636	750	701,797	(2,842,492)	125
Fair value adjustment on contingent consideration for business combination**	5,117,930	-	N/M	5,117,930	-	N/M
Performance shares issued	-	(902,086)	(100)	-	(451,043)	(100)
Waiver of debts**	109,454	-	N/M	109,454	-	N/M
Reversal of allowance/(Allowance) for unutilised leave	424,077	(847,237)	150	1,111,480	802,182	39
Allowance for defined benefit liabilities	(667,198)	(612,026)	9	(293,709)	(307,129)	(4)
Adjustments for over/(under) provision of tax in respect of prior years	2,337	238,712	(99)	1,442	(73,649)	102

* 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-19		As at 30-Jun-19	
	Group RM	Company RM	Group RM	Company RM
ASSETS				
Non-current assets				
Property, plant and equipment	14,008,413	3,261	14,883,219	3,706
Right-of-use assets	36,416,211	-	-	-
Intangible assets	290,116,982	-	281,504,938	-
Investments in subsidiaries	-	2,246,199,153	-	2,246,199,153
Interest in a joint venture	360	139	8,624,011	16,009,608
Derivative asset	9,366,693	9,366,693	9,366,693	9,366,693
Deferred tax assets	25,685,526	-	26,082,336	-
	375,594,185	2,255,569,246	340,461,197	2,271,579,160
Current assets				
Inventories	902,660	-	969,423	-
Trade and other receivables	167,656,333	35,401	134,321,976	214,047
Contract assets	39,963,452	-	57,547,440	-
Prepayments	2,982,833	221,793	4,345,711	103,668
Amounts due from subsidiaries	-	236,645	-	34,492
Amounts due from related parties	4,488,978	-	17,473,386	-
Loans to subsidiaries	-	24,824,545	-	2,836,600
Tax recoverable	2,953,811	-	4,260,903	-
Financial assets at fair value through other comprehensive income - quoted equity shares	228,144,607	9,961,938	172,099,864	-
Financial assets at fair value through profit or loss - money market fund	4,774,385	-	8,879,131	-
Cash and bank balances	446,341,317	69,980,809	441,997,144	82,110,482
	898,208,376	105,261,131	841,894,978	85,299,289
Total assets	1,273,802,561	2,360,830,377	1,182,356,175	2,356,878,449
EQUITY AND LIABILITIES				
Equity				
Share capital	191,040,654	191,040,654	191,040,654	191,040,654
Share premium	236,820,722	1,704,482,883	236,820,722	1,704,482,883
Treasury shares	(92,103,767)	(92,103,767)	(81,725,730)	(81,725,730)
Foreign currency translation reserve	20,456,256	-	25,563,598	-
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	(88,633,678)	(77,180)	(133,619,065)	-
Merger deficit	(476,280,829)	-	(476,280,829)	-
Retained profits	847,589,219	191,734,647	829,984,883	230,232,303
Equity attributable to owners of the parent	639,377,224	1,995,077,237	592,272,880	2,044,030,110
Non-controlling interests	67,420	-	63,941	-
Total equity	639,444,644	1,995,077,237	592,336,821	2,044,030,110
Non-current liabilities				
Loans and borrowings	125,160,215	97,797,283	63,098,790	59,947,894
Deferred tax liabilities	45,502,567	-	33,235,724	-
Other payables	-	-	248,502,535	248,502,535
Put liability	12,891,646	-	12,588,232	-
Derivative liability	-	1,070,705	-	1,070,705
Provision for defined benefit liabilities	10,955,826	-	10,302,180	-
	194,510,254	98,867,988	367,727,461	309,521,134
Current liabilities				
Trade and other payables	319,785,776	258,716,393	70,666,634	1,788,896
Contract liabilities	82,185,621	-	118,323,243	-
Provision for defined benefit liabilities	93,708	-	92,338	-
Loans and borrowings	9,259,226	-	11,312,065	-
Amounts due to subsidiaries	-	8,168,759	-	1,538,309
Amounts due to related parties	1,403,453	-	2,793,107	-
Tax payable	27,119,879	-	19,104,506	-
	439,847,663	266,885,152	222,291,893	3,327,205
Total liabilities	634,357,917	365,753,140	590,019,354	312,848,339
Net current assets/(liabilities)*	458,360,713	(161,624,021)	619,603,085	81,972,084
Total equity and liabilities	1,273,802,561	2,360,830,377	1,182,356,175	2,356,878,449

* The Company is in net current liabilities position due to the reclassification of contingent consideration for acquisition of Silverlake Investment Ltd. Group which will be payable within one year from the 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-19		As at 30-Jun-19	
Secured Group	Unsecured Group	Secured Group	Unsecured Group
RM	RM	RM	RM
1,268,387	7,990,839	1,375,423	9,936,642

Amount repayable after one year

As at 31-Dec-19		As at 30-Jun-19	
Secured Group	Unsecured Group	Secured Group	Unsecured Group
RM	RM	RM	RM
2,372,836	122,787,379	3,150,896	59,947,894

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 RM3,169,233 as at 31 December 2019 (RM3,398,916 as at 30 June 2019). These assets were previously classified and presented under property, plant and equipment in FY2019, before the adoption of IFRS 16 Leases effective 1 July 2019.

The term loan facility of a subsidiary is secured by its own property, plant and equipment with a total net carrying amount of RM834,832 as at 31 December 2019 (RM1,242,090 as at 30 June 2019).

A subsidiary has an overdraft facility secured by guarantee provided by the Company.

1(d)(i) Statements (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 2019

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Available-for-sale reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	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

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Available-for-sale reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
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 half year period ended 31 December 2018

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Available-for-sale reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group														
As at 1-Jul-2018														
As previously reported	191,040,654	234,417,308	(68,558,076)	11,545,242	466,828	21,819	6,056,474	(112,813,218)	-	(476,280,829)	737,212,629	523,108,831	74,921	523,183,752
Adjustment on initial application of IFRS 15	-	-	-	-	-	-	-	-	-	-	594,194	594,194	-	594,194
Adjustment on initial application of IFRS 9	-	-	-	-	-	-	-	112,813,218	(112,813,218)	-	-	-	-	-
Adjusted balance as at 1-Jul-2018	191,040,654	234,417,308	(68,558,076)	11,545,242	466,828	21,819	6,056,474	-	(112,813,218)	(476,280,829)	737,806,823	523,703,025	74,921	523,777,946
Profit for the period	-	-	-	-	-	-	-	-	-	-	125,479,205	125,479,205	(4,566)	125,474,639
Other comprehensive loss for the period	-	-	-	11,258,967	-	-	-	-	(54,309,512)	-	-	(43,050,545)	-	(43,050,545)
Purchase of treasury shares	-	-	(8,942,750)	-	-	-	-	-	-	-	-	(8,942,750)	-	(8,942,750)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	902,086	-	-	-	-	902,086	-	902,086
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	(88,279,725)	(88,279,725)	-	(88,279,725)
As at 31-Dec-2018	191,040,654	234,417,308	(77,500,826)	22,804,209	466,828	21,819	6,958,560	-	(167,122,730)	(476,280,829)	775,006,303	509,811,296	70,355	509,881,651

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Available-for-sale reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company														
As at 1-Jul-2018	191,040,654	1,702,079,469	(68,558,076)	-	-	-	6,056,474	-	-	-	243,058,068	2,073,676,589	-	2,073,676,589
Profit for the period	-	-	-	-	-	-	-	-	-	-	85,621,051	85,621,051	-	85,621,051
Purchase of treasury shares	-	-	(8,942,750)	-	-	-	-	-	-	-	-	(8,942,750)	-	(8,942,750)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	902,086	-	-	-	-	902,086	-	902,086
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	(88,279,725)	(88,279,725)	-	(88,279,725)
As at 31-Dec-2018	191,040,654	1,702,079,469	(77,500,826)	-	-	-	6,958,560	-	-	-	240,399,394	2,062,977,251	-	2,062,977,251

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	Available-for-sale reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	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

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Available-for-sale reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
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

Consolidated Statement of Changes in Equity for the second quarter ended 31 December 2018

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Available-for-sale reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group														
As at 1-Oct-2018														
As previously reported	191,040,654	234,417,308	(77,500,826)	22,247,861	466,828	21,819	6,507,517	(144,689,204)	-	(476,280,829)	795,746,064	551,977,192	73,891	552,051,083
Adjustment on initial application of IFRS 9	-	-	-	-	-	-	-	144,689,204	(144,689,204)	-	-	-	-	-
Adjusted balance as at 1-Oct-2018	191,040,654	234,417,308	(77,500,826)	22,247,861	466,828	21,819	6,507,517	-	(144,689,204)	(476,280,829)	795,746,064	551,977,192	73,891	552,051,083
Profit for the period	-	-	-	-	-	-	-	-	-	-	67,539,964	67,539,964	(3,536)	67,536,428
Other comprehensive loss for the period	-	-	-	556,348	-	-	-	-	(22,433,526)	-	-	(21,877,178)	-	(21,877,178)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	451,043	-	-	-	-	451,043	-	451,043
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	(88,279,725)	(88,279,725)	-	(88,279,725)
As at 31-Dec-2018	191,040,654	234,417,308	(77,500,826)	22,804,209	466,828	21,819	6,958,560	-	(167,122,730)	(476,280,829)	775,006,303	509,811,296	70,355	509,881,651

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Available-for-sale reserve	Fair value reserve of financial assets at FVOCI	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company														
As at 1-Oct-2018	191,040,654	1,702,079,469	(77,500,826)	-	-	-	6,507,517	-	-	-	291,932,117	2,114,058,931	-	2,114,058,931
Profit for the period	-	-	-	-	-	-	-	-	-	-	36,747,002	36,747,002	-	36,747,002
Grant of shares under Performance Share Plan	-	-	-	-	-	-	451,043	-	-	-	-	451,043	-	451,043
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	-	(88,279,725)	(88,279,725)	-	(88,279,725)
As at 31-Dec-2018	191,040,654	1,702,079,469	(77,500,826)	-	-	-	6,958,560	-	-	-	240,399,394	2,062,977,251	-	2,062,977,251

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 18 November 2019 to 5 December 2019, the Company purchased 8,001,400 shares pursuant to the share purchase mandate approved by shareholders on 24 October 2019. These shares were acquired by way of market acquisition for a total consideration of RM10,378,037 and are held as treasury shares by the Company.

The number of treasury shares has increased from 51,420,068 as at 30 June 2019 to 59,421,468 as at 31 December 2019.

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-19	As at 30-Jun-19	As at 31-Dec-18
Total number of issued shares	2,696,472,800	2,696,472,800	2,696,472,800
Less: Treasury shares	(59,421,468)	(51,420,068)	(47,220,068)
Total number of issued shares excluding treasury shares	2,637,051,332	2,645,052,732	2,649,252,732

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-19	As at 30-Jun-19
Number of treasury shares at beginning of the year	51,420,068	40,432,068
Purchase of treasury shares	8,001,400	13,938,000
Release of treasury shares to a former non-executive director	-	(150,000)
Release of treasury shares pursuant to Performance Share Plan	-	(2,800,000)
Number of treasury shares at end of the period/year	59,421,468	51,420,068

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 qualifications 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 2019 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 2019 except that the Group has adopted the following new/revised IFRS which became effective for the period beginning on or after 1 July 2019.

- IFRS 16 Leases
- IFRIC Interpretation 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 Plan Amendments, Curtailment or Settlement
- Annual Improvements to IFRSs 2015 - 2017 Cycle
 - Amendments to IFRS 3 Business Combinations
 - Amendments to IFRS 11 Joint Arrangements
 - Amendments to IAS 12 Income Taxes
 - Amendments to IAS 23 Borrowing Costs

The adoption of the above standards do not have significant impact on the financial performance or position of the Group, except for those described below.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease for annual periods beginning on or after 1 January 2019. It sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. It also includes two recognition exemptions for lessees – leases of low-value assets (e.g. personal computers, small items of office equipment) and short-term leases (i.e. leases with a lease term of 12 months or less).

The Group adopted IFRS 16 by applying the modified retrospective approach, effective 1 July 2019. The comparative figures were not restated and the cumulative effect of initially applying IFRS 16 was recognised as an adjustment to the opening balance of retained profits at 1 July 2019.

The Group elected to apply the exemptions proposed in IFRS 16 on lease contracts for which the lease terms end within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value. The Group has leases of some office equipment (i.e. personal computers, printing and photocopying machines) that are considered of low value.

IFRS 16 requires the presentation of right-of-use assets and lease liabilities as current or non-current in the statements of financial position.

The effect of adopting IFRS 16 as at 1 July 2019 was, as follows:

	Increase/ (Decrease) RM
Non-current assets	
Property, plant and equipment	(3,398,916)
Right-of-use assets	31,231,213
Non-current liabilities	
Loans and borrowings	
- Obligations under finance leases	(2,423,648)
- Lease liabilities	23,192,536
Current liabilities	
Loans and borrowings	
- Obligations under finance leases	(1,151,734)
- Lease liabilities	9,562,175
Equity	
Retained profits	(1,347,032)

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 3 Definition of a Business	1 January 2020
Amendments to IAS 1 and IAS 8 Definition of Material	1 January 2020
The Conceptual Framework for Financial Reporting	1 January 2020
IFRS 17 Insurance Contracts	1 January 2021
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 adoption of the above standards and interpretations, and do not anticipate that the application of these standards and interpretations will have a significant impact on the Group's financial position and performance.

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.

Refer to Note 4.

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-19	31-Dec-18	31-Dec-19	31-Dec-18
	Sen	Sen	Sen	Sen
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	3.78	4.73	2.00	2.55
Based on a fully diluted basis	3.78	4.73 ⁽²⁾	2.00	2.54 ⁽²⁾

⁽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 2019 of 2,643,554,069 (31 December 2018 of 2,652,046,550) of USD0.02 each.

⁽²⁾ Based on weighted average number of ordinary shares on issue, after adjusting for dilution shares under Silverlake Axis Ltd. Performance Share Plan.

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-19		As at 30-Jun-19	
	Group Sen	Company Sen	Group Sen	Company Sen
Net asset value per ordinary share ⁽¹⁾	24.25	75.66	22.39	77.28

⁽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: -

(a) 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

(b) 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 2019 ("Q2 FY2020") vs Second quarter ended 31 December 2018 ("Q2 FY2019")

Overview

Silverlake Axis Ltd (SAL) provides digital economy solutions to the Banking, Insurance, Retail, Government, Payment and Logistics industries. 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, Americas, Australia and New Zealand.

From FY2011 to FY2019, the Group has undertaken seven acquisitions 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 FY2020, the Group achieved a revenue of RM190.7 million, an increase of 13% compared with the previous corresponding period. The earnings before interest, taxes, depreciation, and amortisation ("EBITDA") of RM92.3 million recorded in Q2 FY2020 was comparable with the RM91.8 million achieved in Q2 FY2019. Net profit attributable to shareholders was RM52.8 million in Q2 FY2020.

Revenue

By Business Activities

	1-10-19 to 31-12-19	1-10-18 to 31-12-18	Change
	Group RM	Group RM	%
Software licensing*	23,101,036	19,722,199	17
Software project services*	13,586,512	18,970,773	(28)
Maintenance and enhancement services**	123,660,030	118,939,329	4
Sale of software and hardware products	18,717,235	645,050	2802
Credit and cards processing	1,514,532	2,676,007	(43)
Software-as-a-Service**			
- Insurance processing	9,986,981	8,033,651	24
- Retail	122,385	-	N/M
	190,688,711	168,987,009	13

* Project related revenue

** Recurring revenue

N/M = Not Meaningful

Q2 FY2020 group revenue of RM190.7 million was 13% higher compared with the RM169.0 million recorded in Q2 FY2019. The recurring revenue as well as sale of software and hardware products segments recorded higher revenue.

Recurring revenue segments comprising maintenance, enhancement services and Software-as-a-Service rose 5% to RM133.8 million and accounted for 70% of group revenue in Q2 FY2020.

Revenue from maintenance and enhancement services increased 4% from RM118.9 million in Q2 FY2019 to RM123.7 million in Q2 FY2020 due to new maintenance contracts secured in Malaysia, Indonesia, Hong Kong and Thailand.

Revenue from Software-as-a-Service for insurance processing of RM10.0 million in Q2 FY2020 was 24% higher than the RM8.0 million achieved in Q2 FY2019. This improvement was the result of a new pricing structure applicable for processing activities in some markets and positive contribution from new product offerings, TrueSight suite of productivity and analytics solutions, in selected markets in Q2 FY2020.

Sale of software and hardware products increased to RM18.7 million in Q2 FY2020 following a technology refresh contract secured to upgrade a Malaysian financial institution's application systems for enhanced customers' experience and engagement. To support this upgrade exercise, a sale of hardware was recorded in Q2 FY2020. Another sale of hardware to a Malaysian bank as well as the consolidation of SIA X Infotech Group ("XIT Group"), a newly acquired subsidiary in January 2019, in Q2 FY2020 have also contributed to the overall increase in revenue for this segment.

Project related revenue totalling RM36.7 million in Q2 FY2020 was 5% lower than RM38.7 million recorded in the previous corresponding period. Software licensing revenue recorded 17% growth to RM23.1 million in Q2 FY2020 compared with RM19.7 million in Q2 FY2019 whereas revenue from software project services decreased by 28% from RM19.0 million in Q2 FY2019 to RM13.6 million in Q2 FY2020. Lower progressive revenue recognised from ongoing licensing and implementation contracts secured in Malaysia and Hong Kong have led to an overall decrease in project related revenue in Q2 FY2020 as compared with Q2 FY2019. The decrease was partially offset by the recognition of standalone software licensing contracts delivered to banks in Malaysia and Pakistan in Q2 FY2020 and the contribution of XIT Group's contracts in Q2 FY2020.

Following the termination of an outsourcing contract in Q2 FY2019, revenue contribution from credit and cards processing decreased from RM2.7 million in Q2 FY2019 to RM1.5 million in Q2 FY2020.

Profitability

The Group recorded a gross profit of RM116.2 million in Q2 FY2020, 8% higher than the RM108.1 million recorded in Q2 FY2019 and achieved a gross profit margin of 61% in Q2 FY2020 as compared with 64% in Q2 FY2019. The decrease in gross profit margin was mainly due to a change in revenue mix with a higher proportion of revenue recorded from lower margin segment such as sale of software and hardware products as well as lower margin recorded from maintenance and enhancement activities in Q2 FY2020 as compared with Q2 FY2019.

Other income of RM6.5 million recorded in Q2 FY2020 was 49% lower than the RM12.7 million reported in the previous corresponding period. There were one-off pre-tax gain of RM8.8 million recognised from the disposal of freehold land in Q2 FY2019 and realised foreign currency exchange gain recorded from the translation of bank balances denominated in foreign currencies in Q2 FY2019. Whereas in Q2 FY2020, there was a gain of RM5.1 million recognised arising from the fair value adjustment made on the contingent consideration for the acquisition of XIT Group.

Selling and distribution costs which are recurring in nature increased from RM7.0 million in Q2 FY2019 to RM9.7 million in Q2 FY2020, reflecting more marketing, research and business development activities in Q2 FY2020 in addition to the consolidation of XIT Group's results for Q2 FY2020.

Compared with Q2 FY2019, administrative expenses increased by 12% to RM29.9 million in Q2 FY2020 mainly due to the consolidation of XIT Group's Q2 FY2020 results.

Finance costs increased 34% to RM8.7 million in Q2 FY2020 mainly due to the effect of higher unwinding of discount recorded quarterly on the contingent consideration payable for the acquisition of Silverlake Investment Ltd. Group ("SIL Group") and XIT Group as required by IFRS.

The Group's share of profit of a joint venture was RM0.4 million in Q2 FY2020 as compared with share of loss of a joint venture of RM0.9 million in Q2 FY2019 mainly due to higher profit contribution recorded in Q2 FY2020 as compared with the previous corresponding period.

The Group recorded a profit before tax of RM76.0 million in Q2 FY2020 as compared with RM80.6 million in Q2 FY2019 due to lower other income and higher operating expenses and finance costs. The Group's EBITDA of RM92.3 million in Q2 FY2020 was comparable with the RM91.8 million recorded in Q2 FY2019 and achieved an EBITDA margin of 48% in Q2 FY2020, 6% lower than the 54% recorded in Q2 FY2019.

Income tax expense increased from RM13.0 million in Q2 FY2019 to RM23.2 million in Q2 FY2020. The increase in tax expense in Q2 FY2020 was mainly due to the expiry of pioneer status of a Malaysian subsidiary effective Q1 FY2020, higher taxable income from certain subsidiaries in Q2 FY2020 as well as higher withholding tax on overseas revenue in Q2 FY2020 as compared with Q2 FY2019.

The Group reported a profit after tax attributable to shareholders of RM52.8 million in Q2 FY2020.

(a)(ii) INCOME STATEMENT REVIEW – Half year period ended 31 December 2019 ("1H FY2020") vs Half year period ended 31 December 2018 ("1H FY2019")

Overview

In 1H FY2020, group revenue increased by 6% compared with 1H FY2019 and recorded an EBITDA of RM164.9 million in 1H FY2020, 3% lower than the RM170.6 million achieved in 1H FY2019. The Group recorded a net profit attributable to shareholders of RM100.0 million in 1H FY2020.

Revenue

By Business Activities

	1-7-19 to 31-12-19 Group	1-7-18 to 31-12-18 Group	Change
	RM	RM	%
Software licensing*	42,556,208	45,231,334	(6)
Software project services*	33,053,871	48,469,794	(32)
Maintenance and enhancement services**	236,470,090	217,629,256	9
Sale of software and hardware products	20,386,954	830,080	2356
Credit and cards processing	3,064,800	8,010,614	(62)
Software-as-a-Service**			
- Insurance processing	19,731,828	15,998,756	23
- Retail	203,168	-	N/M
	355,466,919	336,169,834	6

* Project related revenue

** Recurring revenue

N/M = Not Meaningful

1H FY2020 group revenue of RM355.5 million was 6% higher than the RM336.2 million recorded in 1H FY2019. Growth was broad based with both recurring revenue and sale of software and hardware products segments recorded higher revenue.

Recurring revenue segments comprising maintenance, enhancement services and Software-as-a-Service rose 10% to RM256.4 million and accounting for 72% of group revenue in 1H FY2020.

Revenue from maintenance and enhancement services increased by 9% from RM217.6 million in 1H FY2019 to RM236.5 million in 1H FY2020 due to the delivery of a number of new and additional maintenance and enhancement contracts secured mainly from South East Asia in FY2020. The consolidation of XIT Group's 1H FY2020 results have also contributed to the overall increase for this revenue segment.

Following the implementation of a new pricing structure applicable for processing activities as well as positive contribution from TrueSight suite of productivity and analytics solutions in selected markets in 1H FY2020, the revenue from Software-as-a-Service for insurance processing improved 23% to RM19.7 million in 1H FY2020.

Revenue from sale of software and hardware products was higher in 1H FY2020 as compared with the previous corresponding period. The increase was mainly due to a sale of hardware to a Malaysian Bank to support the technology refresh contract secured in 1H FY2020, a sale of hardware to another Malaysian bank as well as the consolidation of XIT Group's six months contribution in 1H FY2020.

Project related revenue of RM75.6 million achieved in 1H FY2020 was 19% lower compared with RM93.7 million in 1H FY2019. Software licensing revenue decreased by 6% to RM42.6 million in 1H FY2020 whereas revenue from software project services decreased from RM48.5 million in 1H FY2019 to RM33.1 million in 1H FY2020. The completion of a Thailand based core banking transformation project in Q4 FY2019 and lower progressive revenue recognised in 1H FY2020 from a few major contracts secured in Malaysia and Thailand have led to an overall decrease in project related revenue in 1H FY2020 as compared with 1H FY2019. Depending on the percentage of completion, revenue recognition may fluctuate from quarter to quarter for these major software contracts. The decrease was partially offset with the recognition of standalone software licensing contracts delivered in Malaysia and Pakistan in 1H FY2020 as well as the consolidation of XIT Group's projects on hand in 1H FY2020 following the completion of acquisition in Q3 FY2019.

Credit and cards processing revenue dropped from RM8.0 million to RM3.1 million in 1H FY2020, with the decline attributable to the termination of contracts by some customers in FY2019.

Profitability

The Group recorded a gross profit of RM221.6 million in 1H FY2020, 4% higher compared with RM213.0 million achieved in 1H FY2019. The Group's gross profit margin of 62% in 1H FY2020 was marginally lower compared with 63% in 1H FY2019 mainly due to a change in revenue mix with lower proportion of revenue recorded from higher margin software licensing segment and software project services in 1H FY2020, coupled with higher proportion of revenue recorded from lower margin segment such as sale of software and hardware products in 1H FY2020 as compared with 1H FY2019.

Higher finance income was recorded in 1H FY2020 due to higher deposits placed with financial institutions in 1H FY2020 as compared with 1H FY2019.

Other income of RM7.6 million in 1H FY2020 was 39% lower compared with RM12.4 million in 1H FY2019. Higher other income recorded in 1H FY2019 was mainly due to the recognition of a pre-tax gain of RM8.8 million from the disposal of freehold land, as well as realised and unrealised foreign currency exchange gain from translation of bank balances denominated in foreign currencies which are non-recurring in 1H FY2020, as the foreign currencies where the bank balances are denominated weakened against Ringgit Malaysia ("RM") in 1H FY2020. The decrease was partially offset by a gain of RM5.1 million recognised as a result of the fair value adjustment made on contingent consideration for acquisition of XIT Group and dividend received from quoted equity investment in 1H FY2020.

Selling and distribution costs increased by 17% from RM16.4 million in 1H FY2019 to RM19.1 million in 1H FY2020 mainly due to the consolidation of XIT Group's six months expenses in 1H FY2020.

Compared with 1H FY2019, administrative expenses increased by 33% to RM63.8 million in 1H FY2020 mainly due to additional expenses from the consolidation of XIT Group and higher staff related costs, maintenance of office as well as IT equipment and data centre expenses in 1H FY2020. Furthermore, with the weakening of foreign currencies against RM in 1H FY2020, the Group recorded realised and unrealised foreign currency exchange loss of RM3.7 million in 1H FY2020 mainly from the translation of bank balances denominated in Singapore Dollar ("SGD") and United States Dollar ("USD").

Finance costs of RM17.1 million in 1H FY2020 was 34% higher compared with the RM12.7 million recorded in 1H FY2019. This was mainly due to the effect of higher unwinding of discount recorded quarterly on the contingent consideration payable for the acquisition of SIL Group and XIT Group as required by IFRS, as well as the interest incurred on a revolving credit facility.

The Group's share of profit of a joint venture was RM1.4 million in 1H FY2020 compared with share of loss of a joint venture of RM1.3 million in 1H FY2019 mainly due to higher profit contribution recorded in 1H FY2020 as compared with the previous corresponding period.

The Group recorded a profit before tax of RM132.8 million in 1H FY2020 as compared with RM148.0 million in 1H FY2019 as a result of higher operating expenses and finance costs recorded in 1H FY2020. The Group's EBITDA of RM164.9 million in 1H FY2020 was 3% lower than the RM170.6 million achieved in 1H FY2019 and recorded an EBITDA margin of 46% in 1H FY2020, 5% lower than the 51% achieved in 1H FY2019.

Income tax expense of RM32.8 million in 1H FY2020 was significantly higher as compared with RM22.6 million in 1H FY2019 and the effective tax rate of 25% in 1H FY2020 was 10% higher than the 15% reported in 1H FY2019. The increase was mainly due to the expiry of pioneer status of a Malaysian subsidiary during Q1 FY2020 and higher taxable income from certain subsidiaries in 1H FY2020 as compared with the previous corresponding period.

The Group reported a profit after tax attributable to shareholders of RM100.0 million in 1H FY2020.

(b) STATEMENTS OF FINANCIAL POSITION REVIEW

Right-of-use assets

The right-of-use assets ("ROUA") represent the right to use the underlying asset during the lease term. These assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of the lease liabilities. The ROUA of RM36.4 million recognised as at 31 December 2019 were mainly related to leases of office premises and motor vehicles.

Intangible assets

Intangible assets increased from RM281.5 million as at 30 June 2019 to RM290.1 million as at 31 December 2019 mainly due to the capitalisation of software development expenditure incurred for the development of enhanced core banking and Fintech solution during 1H FY2020. Following the completion of the purchase price exercise for the acquisition of XIT Group in Q2 FY2020, the provisional amounts for goodwill and intangibles arising from the business combination recognised as of 30 June 2019 have been adjusted upwards accordingly in 1H FY2020 to reflect the actual valuation. The increase was partially offset by the amortisation of intangible assets for 1H FY2020.

Interest in a joint venture

This represents the Company's interest in Silverlake HGH Limited ("SHGH"). SHGH, 51% owned by the Company, is a joint venture incorporated with Holliday Group Holdings (ICT Investments No. 2) Limited ("HGH2") on 18 December 2014 for the purpose to make a full takeover offer of the ordinary shares of Finzsoft Solutions Limited ("Finzsoft"). Finzsoft is a public company listed on the New Zealand Stock Exchange. The investment in Finzsoft held through SHGH is accounted for using the equity method in the consolidated financial statements.

On 28 August 2019, the Company entered into a deed of settlement and implementation ("Deed") with HGH2 and SHGH, where SHGH agreed to sell its entire shareholding comprising 7,528,990 ordinary shares of Finzsoft to the Company and HGH in proportion of their equity interest in SHGH. This proposal had been approved by Finzsoft's shareholders on 29 October 2019 and the 3,839,785 Finzsoft shares were transferred from SHGH to the Company on 30 October 2019. As a result, the Company holds 43.59% equity interest in Finzsoft and SHGH is no longer holding any share in Finzsoft.

On 13 December 2019, the Group ceased to have significant influence over Finzsoft as SAL board no longer has director representative on Finzsoft board.

Following the transfer of shares and cessation of significant influence of SAL over Finzsoft, the 3,839,785 shares representing 43.59% equity interest in Finzsoft was remeasured and recognised as financial assets at fair value as of 31 December 2019.

Interest in a joint venture as at 31 December 2019 represents the remaining carrying value of the 51% equity interest in SHGH by the Company until its dissolution.

Derivative asset

This represents the fair value of call option in connection with the acquisition of the remaining 20% equity interest in XIT Group, accounted for as a derivative asset in accordance with IFRS 9 as the Group does not have a present ownership interest in the shares subject to the call. Any subsequent changes in its fair value will be recognised in profit or loss.

Trade and other receivables

Trade and other receivables increased from RM134.3 million as at 30 June 2019 to RM167.7 million as at 31 December 2019 mainly due to higher revenue billings during 1H FY2020.

Contract assets/(liabilities)

The net contract liabilities decreased from RM60.8 million as at 30 June 2019 to RM42.2 million as at 31 December 2019. The components of contract assets and contract liabilities are presented as follows:

	As at 31-Dec-19	As at 30-Jun-19	Change
	RM	RM	%
Contract assets			
Amounts due from customers for contract work-in-progress (Note (i))	35,455,197	51,597,388	(31)
Advance maintenance costs (Note (ii))	4,013,312	5,103,522	(21)
Prepaid license and hardware costs	494,943	846,530	(42)
Total contract assets recognised under current assets	39,963,452	57,547,440	(31)
Contract liabilities			
Amounts due to customers for contract work-in-progress (Note (i))	20,380,409	39,808,665	(49)
Advance maintenance fees (Note (ii))	54,200,108	69,567,212	(22)
Deferred revenue (Note (iii))	7,605,104	8,947,366	(15)
Total contract liabilities recognised under current liabilities	82,185,621	118,323,243	(31)
Net contract liabilities	(42,222,169)	(60,775,803)	(31)

- (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 2019 was RM15.1 million as compared with RM11.8 million as at 30 June 2019 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 RM64.5 million as at 30 June 2019 to RM50.2 million as at 31 December 2019 was mainly due to the recognition of maintenance revenue following the performance of services in 1H FY2020.
- (iii) Deferred revenue decreased from RM8.9 million as at 30 June 2019 to RM7.6 million as at 31 December 2019 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") and Finzsoft.

The increase in investment in quoted equity shares from RM172.1 million as at 30 June 2019 to RM228.1 million as at 31 December 2019 was mainly due to the remeasurement of 37.1 million GIT shares at each reporting date in accordance with IFRS as well as the recognition of 3.84 million Finzsoft shares as financial assets following the transfer of Finzsoft shares from SHGH to the Company during Q2 FY2020. The RM49.8 million unrealised fair value gain from remeasurement of shares was recognised in Other Comprehensive Income.

Financial assets at fair value through profit or loss - money market fund

This represents investment in money market fund with financial institutions. Following the redemption of money market fund in 1H FY2020, the investment amounted RM8.9 million as at 30 June 2019 had decreased to RM4.8 million as at 31 December 2019.

Cash and bank balances

Cash and bank balances increased from RM442.0 million as at 30 June 2019 to RM446.3 million as at 31 December 2019 mainly due to net cash inflow from operating activities of RM86.4 million and cash inflow from financing activities arising from net proceeds from revolving credit of RM38.3 million. The increase was partially offset by cash outflow from investing activities of RM14.7 million and RM4.5 million for software development expenditures and purchase of fixed assets respectively, as well as cash outflow from financing activities of RM81.1 million, RM10.4 million and RM6.6 million for payment of dividends to shareholders, share buyback and payment of lease liabilities respectively.

Total current and non-current loans and borrowings

Loans and borrowings increased from RM74.4 million as at 30 June 2019 to RM134.4 million as at 31 December 2019 mainly due to the recognition of lease liabilities of RM33.0 million for right-of-use assets capitalised in compliance with IFRS 16, as well as the drawdown of revolving credit during 1H FY2020 for working capital purposes. The RM9.9 million bank overdraft utilised as of 30 June 2019 has been fully repaid as of 31 December 2019.

Deferred tax

The increase in deferred tax from a net liability position of RM7.2 million as at 30 June 2019 to RM19.8 million as at 31 December 2019 was mainly due to the deferred tax adjustment, arising from the recognition of intangible assets for acquisition of XIT Group, made upon the completion of purchase price exercise in Q2 FY2020. The provision of withholding tax for financial assets, GIT shares quoted on ChiNext of the Shenzhen Stock Exchange, attributable to the changes in fair value has also led to the overall increase in deferred tax liabilities. The deferred tax relating to the fair value gain of RM4.8 million was recognised in Other Comprehensive Income.

Total current and non-current trade and other payables

As at 31 December 2019, the current trade and other payables amounted to RM319.8 million, the increase was mainly due to the reclassification of contingent consideration for acquisition of SIL Group which will be payable within one year from the reporting date.

The contingent consideration of SIL Group amounting RM257.8 million as at 31 December 2019 is only payable for acquired entities upon achievement of an average year-on-year percentage growth in adjusted net profit after tax of at least 25% over the period from 1 January 2017 to 30 June 2020 as stipulated in the agreement. The Company shall notify the vendors of SIL Group on their entitlements to the contingent consideration within no later than seven days from the issuance of the audited financial statements of SIL entities for FY2020.

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.

Current income tax

Current income tax assets and liabilities represent the amount expected to be recovered from or paid to the taxation authorities. The increase in net tax payable from RM14.8 million as at 30 June 2019 to RM24.2 million as at 31 December 2019 was mainly due to higher taxable income from certain subsidiaries in addition to the expiry of pioneer status of a Malaysian subsidiary.

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.

Without a proper resolution of the trade disputes between China and the United States, slower economic growth and heightened market uncertainties have continued in Asia Pacific. The spread of the COVID-19 coronavirus in recent weeks has further dampened business sentiments. Under this cautious business environment, the existing level of enquiries remains active and the Group is working to convert them into firm orders. The Group expects the trend of increasing spend on incremental enhancements, as opposed to projects, to continue.

The Group is taking the necessary precautionary measures in ensuring that the COVID-19 coronavirus has minimal impact to the Group's business and to the Group's ability to serve its customers. The Group is implementing its business continuity plans to minimise disruption to its operations and ensure that its business remains viable during the virus outbreak.

The majority of the Group's revenue, comprising recurring revenue from banking related maintenance and enhancement services as well as non-banking segments of insurance and retail remain positive. Concurrent with pursuing growth, the Group will also review its operating expenses and optimise its tax structure to improve cost efficiency.

With acquisitions remaining an effective strategy for expanding the portfolio of products and services and penetrating new markets, the Group will continue to evaluate suitable business opportunities.

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? Yes

Name of Dividend	First Interim	Second Interim
Dividend Type	Cash	Cash
Dividend Rate	Singapore 0.3 cents per ordinary share	Singapore 0.3 cents per ordinary share
Par Value of Shares	USD0.02	USD0.02
Tax Rate	Tax exempt 1-tier	Tax exempt 1-tier

(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 0.3 cents per ordinary share	Singapore 0.4 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

The Directors have proposed a tax exempt (one-tier) interim dividend of Singapore 0.3 cents per ordinary share. The interim dividend will be payable on 6 March 2020.

(d) Books closure date

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 25 February 2020 for the purpose of determining shareholders' entitlements to the proposed interim dividend. Duly completed transfers received by the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m., on 24 February 2020 will be registered before entitlements to the dividend are determined.

Shareholders (being depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 24 February 2020 will be entitled to the proposed interim dividend.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

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 2019 by the Group in accordance with the shareholders' mandates were as follow:

Name of interested person	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)
	1-7-19 to 31-12-19	1-7-19 to 31-12-19
	RM	RM
Companies associated to Mr. Goh Peng Ooi ("Silverlake Entities")		
- IPT Mandate ⁽¹⁾		
Revenue from Silverlake Entities	-	42,124,243
Service fees to Silverlake Entities	-	(5,526,382)
- Non-Mandate Transactions ⁽²⁾		
Revenue from Silverlake Entities	103,004	-
Service fees to Silverlake Entities	(413,570)	-

⁽¹⁾ The IPT Mandate was approved by shareholders on 24 October 2008 for transactions pursuant to Master License Agreement ("MLA") and Master Services Agreement ("MSA"). The IPT Mandate is subject to annual renewal.

⁽²⁾ The Non-Mandate Transactions were mainly derived from provision of maintenance services by Silverlake Holdings Sdn. Bhd. to Silverlake Entities; and maintenance services contracted between SIL Group and Silverlake Entities before the completion of acquisition of SIL Group in FY2018.

18. Ageing for amounts owing from related parties

The ageing for amounts owing from related parties as at 31 December 2019 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⁾	4,374,971	2,330,892	2,044,079	-	-	-
<u>Non-Trade Transactions</u>						
Silverlake Entities	114,007	114,007	-	-	-	-
Grand Total	4,488,978	2,444,899	2,044,079	-	-	-

(Note 2)

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

⁽²⁾ As at 13 February 2020, the amounts due from Silverlake Entities between 31 - 60 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 2019 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

13 February 2020