



SL INNOVATION CAPITAL BERHAD

(Registration No.201101044035 (972155-K))

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 30 JUNE 2024**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY SL INNOVATION CAPITAL BERHAD (“SLiC” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

SL INNOVATION CAPITAL BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2024

	As at 30 Jun 2024 Unaudited RM'000	As at 31 Dec 2023 Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,112	7,210
Investment properties	545	551
Right-of-use assets	1,093	944
Other Investment	13	13
Deferred tax assets	405	142
Total non-current assets	9,168	8,860
Current assets		
Trade receivables	9,909	6,751
Other receivables	1,530	1,222
Inventories	447	-
Tax recoverable	166	166
Cash and bank balances	11,818	11,202
Total current assets	23,870	19,341
Total assets	33,038	28,201
EQUITY		
Share capital	7,648	7,648
Merger reserve	(3,325)	(3,325)
Retained earnings	16,132	13,060
Total equity	20,455	17,383
LIABILITIES		
Non-current liabilities		
Contract liabilities	75	75
Lease liabilities	654	469
Loan and borrowings	1,047	1,047
Total non-current liabilities	1,776	1,591
Current liabilities		
Contract liabilities	1,625	1,060
Trade payables	4,483	5,392
Other payables	3,310	1,968
Lease liabilities	158	258
Loan and borrowings	71	121
Tax payable	1,160	428
Total current liabilities	10,807	9,227
Total liabilities	12,583	10,818
Total equity and liabilities	33,038	28,201
Net assets per share (RM)⁽²⁾	0.16	0.14

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Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net assets per share is calculated based on the Company's total number of issued shares of 127,000,000 ordinary shares.*

SL INNOVATION CAPITAL BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2024

	Individual 6 months ended		Cumulative 6 months ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Revenue	23,908	18,740	23,908	18,740
Cost of sales	(12,570)	(11,087)	(12,570)	(11,087)
Gross profit	11,338	7,653	11,338	7,653
Other income	261	127	261	127
Selling and distribution expenses	(319)	(115)	(319)	(115)
Administrative expenses	(7,071)	(4,601)	(7,071)	(4,601)
Finance costs	(47)	(42)	(47)	(42)
Profit before taxation	4,162	3,022	4,162	3,022
Taxation	(1,090)	(818)	(1,090)	(818)
Profit for the financial period	3,072	2,204	3,072	2,204
Earnings per share ("EPS") (sen):				
- Basic	2.42	1.74	2.42	1.74
- Diluted ⁽²⁾	2.42	1.74	2.42	1.74

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Diluted EPS is equivalent to the basic EPS as the Company does not have any securities convertible into ordinary shares of the Company at the end of the reporting period.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2024

	<----- Non-distributable ----->		<-Distributable->	Total RM'000
	Share capital	Merger reserve	Retained earnings	
	RM'000	RM'000	RM'000	
At 1 January 2023	7,648	(3,325)	12,646	16,969
Profit for the financial period, representing total comprehensive income for the financial period	-	-	2,204	2,204
Dividends paid to owners of the Company	-	-	(1,905)	(1,905)
At 30 June 2023	7,648	(3,325)	12,945	17,268
At 1 January 2024	7,648	(3,325)	13,060	17,383
Profit for the financial period, representing total comprehensive income for the financial period	-	-	3,072	3,072
At 30 June 2024	7,648	(3,325)	16,132	20,455

Note:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.*

SL INNOVATION CAPITAL BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 June 2024

	6 months ended	
	30 Jun 2024 RM'000	30 Jun 2023 RM'000
Cash Flows From Operating Activities		
Profit before taxation	4,162	3,022
Adjustments for:		
Depreciation of property, plant and equipment	104	105
Depreciation of investment properties	6	6
Depreciation of right-of-use assets	160	83
Amortisation of intangible asset	-	29
Gain on disposal of right-of-use assets	(51)	-
Interest income	(1)	(2)
Interest expense	47	42
Operating profit before working capital changes	4,427	3,287
Changes in working capital		
Increase in receivables	(3,466)	(212)
Increase in inventory	(447)	-
Increase/(Decrease) in contract liabilities	566	(48)
Increase/(Decrease) in payables	433	(1,127)
Cash generated from operations	1,513	1,900
Interest received	1	(2)
Interest paid	(47)	(42)
Tax paid	(621)	(341)
Net cash from operating activities	846	1,517
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(5)	(12)
Proceed from disposal of right-of-use assets	130	-
Net cash from/(used in) in investing activities	125	(12)
Cash Flows From Financing Activities		
Dividends paid	-	(1,905)
Repayment of lease liabilities	(305)	(115)
Repayment of term loans	(50)	(36)
Net cash used in financing activities	(355)	(2,056)
Net increase/(decrease) in cash and cash equivalents	616	(551)
Cash and cash equivalents at the beginning of the financial period	11,202	8,114
Cash and cash equivalents at the end of the financial period	11,818	7,563

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Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Less than RM1,000.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2024

A1. BASIS OF PREPARATION

The interim financial statements of SLIC and its subsidiaries (the “**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

This is the interim financial report on the consolidated results for the half-year year ended 30 June 2024 announced by the Company in compliance with the LEAP Market Listing Requirements of Bursa Securities (“**Listing Requirements**”).

The interim financial report should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Audited Consolidated Financial Statements for the financial year ended 31 December 2023 except for the following:

MFRSs	Effective date
Amendments to MFRS 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 101 Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements	1 January 2024

The adoption of the above pronouncements has no material financial impact on the financial performance of the Group for the current financial period upon their initial application.

The Group has not applied the following new MFRSs, new interpretations and amendments to MFRSs that have been issued by Malaysian Accounting Standard Board but are not yet effective for the Group:

MFRSs	Effective dates for financial periods beginning on or after
Amendments to MFRS 121 Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 17 Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountabilities: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

A3. SEASONAL AND CYCLICAL FACTORS

The business operations of the Group are not significantly affected by any seasonal or cyclical factors for the current financial period and financial year-to-date under review.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial period and financial year-to-date under review.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2024 (CONT'D)

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates in the current financial period and financial year-to-date under review.

A6. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period and financial year-to-date under review.

A7. SEGMENTAL INFORMATION

The Group's revenue based on activities is presented as follows:

	Individual 6 months ended		Cumulative 6 months ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
IT infrastructure technology solutions	7,795	6,705	7,795	6,705
Business process automation solutions	16,113	12,035	16,113	12,035
Total	23,908	18,740	23,908	18,740

The Group's revenue is derived from project-based sales and retainer-based contracts which comprise both IT infrastructure technology solutions and business process automation solutions, whereby the composition is dependent on the nature of the project and the customers' requirements.

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL PERIOD

There were no material events subsequent to the end of the current financial period that have not been reflected in this interim financial report.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial period.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets and contingent liabilities as at the date of this interim financial report.

A11. CAPITAL COMMITMENTS

There were no material capital commitments in respect of property, plant and equipment as at the end of the current financial period.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group recorded a revenue of RM23.91 million for the current financial period, representing an increase of RM5.17 million or 27.59% compared to RM18.74 million in the preceding year's corresponding period, mainly due to the increase in revenue from the Business process automation solutions business.

The IT infrastructure technology solutions business recorded an increase in revenue by approximately RM1.09 million or 16.24%, mainly due to higher hardware sales.

The business process automation solutions business recorded an increase in revenue by approximately RM4.07 million or 33.80%, mainly due to higher service income.

The Group recorded a profit before taxation ("PBT") of RM4.16 million for the current financial period, representing an increase of RM1.14 million or 37.75% as compared to RM3.02 million in the corresponding period of the preceding year. This increase in PBT was primarily driven by higher revenue and gross profit; however, it was partially offset by higher administrative expenses.

B2. COMMENTARY ON PROSPECTS

The Group has in place a series of strategies to further expand the Group's business which are focused in the following areas:

- (i) Expand the range and increase adoption of the Group's MountainTop solutions;
- (ii) Grow the Group's customer base for third-party solutions;
- (iii) Expand the Group's enterprise resource planning solutions to include enterprise resource planning cloud solutions and managed services;
- (iii) Exponentially grow the Business Process Automation (BPA) - service focus; and
- (iv) Invest in and grow the RPA solutions for the Malaysian market.

Further to the above, the Company is actively working on the marketing of its products through digital marketing such as email marketing, search engine optimisation and content marketing to expand its customer base. We are also organising events and webinars with our principal, namely IBM and other trade associations to market our products and services to customers from various industries.

Barring any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is of the opinion that the prospects of the financial performance of the Group for the financial year ending 31 December 2024 will remain favourable.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

C OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

On 13 June 2023, the Company has announced the proposed voluntary withdrawal of listing from the LEAP Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and proposed listing of the Company on the ACE Market of Bursa Securities (collectively referred to as "Proposed Transfer of Listing"), which has been approved by the shareholders at the Extraordinary General Meeting held on 10 January 2024.

Save for the Proposal Transfer of Listing, there were no other corporate proposals which have been announced but pending completion as of the date of this report.

C2. MATERIAL LITIGATION

There are no material litigations pending as at the date of this report.

C3. DIVIDENDS

The Board does not propose any interim dividend payment for the current financial period.

C4. EPS

The basic EPS for the current financial period and financial year-to-date are computed as follows:

	Individual 6 months ended		Cumulative 6 months ended	
	30 Jun 2024	30 Jun 2023	30 Jun 2024	30 Jun 2023
	RM'000	RM'000	RM'000	RM'000
Profit attributable to owners of the parent	3,072	2,204	3,072	2,204
Number of ordinary shares in issue ('000)	127,000	127,000	127,000	127,000
Basic EPS (sen)	2.42	1.74	2.42	1.74

The EPS for the financial period ended 30 June 2024 and 30 June 2023 were computed based on the Company's total number of issued shares of 127,000,000 ordinary shares. Diluted EPS is the same as the basic EPS as there were no potential dilutive instruments.