

SILVERLAKE AXIS LTD

First Quarter Financial Statements And Dividend Announcement For The Financial Period Ended 30 September 2016

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 first quarter ended 30 September 2016

	First quarter ended 30 September		
	2016	2015	Change
	RM	RM	%
Revenue	126,714,417	131,044,634	(3)
Cost of sales	(53,075,659)	(52,406,552)	1
Gross profit	73,638,758	78,638,082	(6)
Other items of income			
Finance income	348,258	902,574	(61)
Other income	145,851,253	14,156,929	>100
Other items of expenses			
Selling and distribution costs	(7,976,422)	(3,121,779)	>100
Administrative expenses	(20,190,414)	(14,324,485)	41
Finance costs	(296,541)	(316,534)	(6)
Share of (loss)/profit of associates and a joint venture	(2,076,725)	965,481	>100
Profit before tax	189,298,167	76,900,268	>100
Income tax expense	(20,721,876)	(8,277,487)	>100
Profit for the period	168,576,291	68,622,781	>100
Profit for the period attributable to:			
Owners of the parent	168,577,280	68,616,948	>100
Non-controlling interests	(989)	5,833	>100
	168,576,291	68,622,781	>100
Earnings per share attributable to the owners of the parent:			
- Basic (sen)	6.37	2.59	>100
- Diluted (sen)	6.37	2.59	>100

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended 30 September 2016

	First quarter ended 30 September		
	2016	2015	Change
	RM	RM	%
Profit for the period	168,576,291	68,622,781	>100
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain *	9,989,126	24,151,132	(59)
Share of other comprehensive loss of a joint venture	(27,041)	-	N/M
	9,962,085	24,151,132	(59)
Item that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit plans	-	2,436	(100)
	-	2,436	(100)
Other comprehensive income for the period, net of tax	9,962,085	24,153,568	(59)
Total comprehensive income for the period	178,538,376	92,776,349	92
Total comprehensive income for the period attributable to:			
Owners of the parent	178,539,365	92,770,516	92
Non-controlling interests	(989)	5,833	>100
	178,538,376	92,776,349	92

N/M = Not Meaningful

* Foreign currency translation 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:

	First quarter ended 30 September		
	2016	2015	Change
	RM	RM	%
Amortisation of intangible assets	(3,601,169)	(2,760,423)	30
Depreciation of property, plant and equipment	(1,033,255)	(446,840)	>100
Write off of property, plant and equipment	(32,840)	(133)	>100
Net foreign currency exchange gain**/(loss)*:			
- realised	1,905,925	(593,696)	>100
- unrealised	(94,022)	13,507,127	>100
Adjustments for over provision of tax in respect of prior years	-	68,427	(100)
Net gain on disposal of property, plant and equipment **	17,695	48,000	(63)
Gain on redemption of available-for-sale financial assets - money market fund **	124,623	455,357	(73)
Gain on disposal of shares in an associate **	143,738,447	-	N/M
Performance shares issued	(1,081,029)	(2,606,329)	(59)
Allowance for unutilised leave	(590,196)	(561,521)	5
Allowance for defined benefit liabilities	(212,919)	(198,437)	7

* 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 30-Sept-16		As at 30-Jun-16	
	Group RM	Company RM	Group RM	Company RM
ASSETS				
Non-current assets				
Property, plant and equipment	16,967,485	-	16,321,337	-
Intangible assets	194,752,612	-	195,875,204	-
Investments in subsidiaries	-	1,894,873,593	-	1,894,873,593
Investments in associates	87,385,847	482,400	106,380,900	482,400
Interest in a joint venture	32,538,808	35,018,822	31,611,357	33,346,002
Deferred tax assets	5,641,682	-	5,790,275	-
	337,286,434	1,930,374,815	355,979,073	1,928,701,995
Current assets				
Amounts due from customers for contract work-in-progress	11,964,559	-	16,916,828	-
Trade and other receivables	144,716,966	11,327	177,845,034	61
Advance maintenance costs	3,211,096	-	2,729,534	-
Prepayments	4,669,178	134,648	4,221,916	45,810
Dividend receivable	-	32,000,000	-	24,315,200
Amount due from a subsidiary	-	-	-	34,902
Amounts due from related parties	58,105,839	-	43,327,704	-
Loan to a subsidiary	-	12,952,247	-	9,424,643
Tax recoverable	1,762,938	-	1,670,392	-
Available-for-sale financial assets - money market fund	4,813,588	-	4,729,521	-
Cash and bank balances	427,869,746	63,721,409	225,942,723	38,754,126
	657,113,910	108,819,631	477,383,652	72,574,742
Total assets	994,400,344	2,039,194,446	833,362,725	2,001,276,737
EQUITY AND LIABILITIES				
Equity				
Share capital	191,040,654	191,040,654	191,040,654	191,040,654
Share premium	229,022,558	1,665,580,314	229,022,558	1,665,580,314
Treasury shares	(90,798,298)	(90,798,298)	(75,442,423)	(75,442,423)
Foreign currency translation reserve	35,540,516	-	25,578,431	-
Capital reserve	466,828	-	466,828	-
Statutory reserve	21,819	-	21,819	-
Performance share plan reserve	6,920,803	6,920,803	5,839,774	5,839,774
Merger deficit	(119,765,286)	-	(119,765,286)	-
Retained profits	514,343,696	171,126,011	345,766,416	138,129,289
Equity attributable to owners of the parent	766,793,290	1,943,869,484	602,528,771	1,925,147,608
Non-controlling interests	79,207	-	80,196	-
Total equity	766,872,497	1,943,869,484	602,608,967	1,925,147,608

STATEMENTS OF FINANCIAL POSITION (Cont'd)

	As at 30-Sept-16		As at 30-Jun-16	
	Group RM	Company RM	Group RM	Company RM
Non-current liabilities				
Loans and borrowings	1,280,054	-	1,423,891	-
Deferred tax liabilities	17,869,902	-	18,133,849	-
Provision for defined benefit liabilities	8,142,411	-	7,793,902	-
	27,292,367	-	27,351,642	-
Current liabilities				
Amounts due to customers for contract work-in-progress	5,177,074	-	8,170,674	-
Trade and other payables	51,709,946	1,506,722	49,355,794	3,759,359
Provision for defined benefit liabilities	387,917	-	373,822	-
Advance maintenance fees	41,969,326	-	55,772,126	-
Loans and borrowings	68,745,067	67,926,000	73,049,433	72,239,600
Amounts due to subsidiaries	-	25,807,182	-	17,888
Amounts due to related parties	6,227,867	-	5,926,194	-
Income tax payable	26,018,283	85,058	10,754,073	112,282
	200,235,480	95,324,962	203,402,116	76,129,129
Total liabilities	227,527,847	95,324,962	230,753,758	76,129,129
Net current assets/(liabilities)	456,878,430	13,494,669	273,981,536	(3,554,387)
Total equity and liabilities	994,400,344	2,039,194,446	833,362,725	2,001,276,737

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 30-Sept-16	
Secured Group RM	Unsecured Group RM
819,067	67,926,000

As at 30-Jun-16	
Secured Group RM	Unsecured Group RM
809,833	72,239,600

Amount repayable after one year

As at 30-Sept-16	
Secured Group RM	Unsecured Group RM
1,280,054	-

As at 30-Jun-16	
Secured Group RM	Unsecured Group RM
1,423,891	-

Details of any collaterals

The secured facilities of the Group comprise hire purchases and leasing which are secured by certain property, plant and equipment of subsidiaries with a total net book value of RM2,150,284 as at 30 September 2016 (RM9,608,781 as at 30 June 2016). The freehold land pledged to secure the term loan and overdraft facilities of a subsidiary had been discharged during Q1 FY2017.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	First quarter ended	
	30-Sept-16	30-Sept-15
	RM	RM
Operating activities:		
Profit before tax	189,298,167	76,900,268
Adjustments for:		
Amortisation of intangible assets	3,601,169	2,760,423
Depreciation of property, plant and equipment	1,033,255	446,840
Write off of property, plant and equipment	32,840	133
Net gain on disposal of property, plant and equipment	(17,695)	(48,000)
Gain on redemption of available-for-sale financial assets - money market fund	(124,623)	(455,357)
Unrealised foreign currency exchange loss/(gain)	94,022	(13,507,127)
Gain on disposal of shares in an associate	(143,738,447)	-
Allowance for unutilised leave	590,196	561,521
Allowance for defined benefit liabilities	212,919	198,437
Performance shares issued	1,081,029	2,606,329
Share of loss/(profit) of associates and a joint venture	2,076,725	(965,481)
Finance costs	296,541	316,534
Finance income	(348,258)	(902,574)
Operating cash flows before changes in working capital	54,087,840	67,911,946
Changes in working capital:		
Trade and other receivables	34,104,275	(26,870,444)
Amounts due from/to customers for contract work-in-progress	847,523	(231,275)
Amounts due from/to related parties	(13,564,515)	23,832,590
Trade and other payables	(12,006,184)	3,096,391
Cash flows from operations	63,468,939	67,739,208
Income tax paid	(6,351,149)	(7,580,177)
Interest paid	(296,541)	(18,483)
Net cash flows from operating activities	56,821,249	60,140,548
Investing activities:		
Purchases of property, plant and equipment	(1,455,233)	(294,409)
Payments for other intangible assets	-	(397,310)
Advances to a joint venture	(50,504)	(146,827)
Proceeds from disposal of property, plant and equipment	19,173	48,000
Proceeds from disposal of shares in an associate	161,369,719	-
Proceeds from redemption of available-for-sale financial assets - money market fund	15,780,556	60,695,357
Purchases of available-for-sale financial assets - money market fund	(15,740,000)	(53,540,000)
Interest received	336,991	1,106,597
Net uplift of short-term deposits	-	1,401,650
Net cash flows from investing activities	160,260,702	8,873,058
Financing activities:		
Purchase of treasury shares	(17,471,812)	(23,469,408)
Proceeds from revolving credit	17,794,800	-
Repayment of revolving credit	(23,912,000)	-
Repayment of obligations under finance lease	(200,116)	(228,842)
Net cash flows used in financing activities	(23,789,128)	(23,698,250)
Net increase in cash and cash equivalents	193,292,823	45,315,356
Effects of exchange rate changes on cash and cash equivalents	8,633,768	21,109,273
Cash and cash equivalents at beginning of the financial period	224,714,029	315,572,913
Cash and cash equivalents at end of the financial period	426,640,620	381,997,542

	First quarter ended	
	30-Sept-16	30-Sept-15
	RM	RM
For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the reporting date:		
Cash and bank balances per Statements of Financial Position	427,869,746	385,774,370
Less: Short-term deposits with licensed banks with maturity more than 3 months	-	(2,547,188)
Less: Pledged deposits	(1,229,126)	(1,229,640)
Cash and cash equivalents at end of the financial period	426,640,620	381,997,542

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 first quarter ended 30 September 2016

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group												
As at 1-Jul-2016	191,040,654	229,022,558	(75,442,423)	25,578,431	466,828	21,819	5,839,774	(119,765,286)	345,766,416	602,528,771	80,196	602,608,967
Profit for the period	-	-	-	-	-	-	-	-	168,577,280	168,577,280	(989)	168,576,291
Other comprehensive income for the period	-	-	-	9,962,085	-	-	-	-	-	9,962,085	-	9,962,085
Purchase of treasury shares	-	-	(15,355,875)	-	-	-	-	-	-	(15,355,875)	-	(15,355,875)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	1,081,029	-	-	1,081,029	-	1,081,029
As at 30-Sept-2016	191,040,654	229,022,558	(90,798,298)	35,540,516	466,828	21,819	6,920,803	(119,765,286)	514,343,696	766,793,290	79,207	766,872,497

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company												
As at 1-Jul-2016	191,040,654	1,665,580,314	(75,442,423)	-	-	-	5,839,774	-	138,129,289	1,925,147,608	-	1,925,147,608
Profit for the period	-	-	-	-	-	-	-	-	32,996,722	32,996,722	-	32,996,722
Purchase of treasury shares	-	-	(15,355,875)	-	-	-	-	-	-	(15,355,875)	-	(15,355,875)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	1,081,029	-	-	1,081,029	-	1,081,029
As at 30-Sept-2016	191,040,654	1,665,580,314	(90,798,298)	-	-	-	6,920,803	-	171,126,011	1,943,869,484	-	1,943,869,484

Consolidated Statement of Changes in Equity for the first quarter ended 30 September 2015

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group												
As at 1-Jul-2015	157,483,159	259,269,373	(7,926,631)	16,489,219	466,828	21,819	5,212,658	(119,765,286)	328,095,192	639,346,331	71,377	639,417,708
Profit for the period	-	-	-	-	-	-	-	-	68,616,948	68,616,948	5,833	68,622,781
Other comprehensive income for the period	-	-	-	24,151,132	-	-	-	-	2,436	24,153,568	-	24,153,568
Issuance of bonus shares	33,557,495	(33,557,495)	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(23,469,408)	-	-	-	-	-	-	(23,469,408)	-	(23,469,408)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	2,606,329	-	-	2,606,329	-	2,606,329
As at 30-Sept-2015	191,040,654	225,711,878	(31,396,039)	40,640,351	466,828	21,819	7,818,987	(119,765,286)	396,714,576	711,253,768	77,210	711,330,978

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company												
As at 1-Jul-2015	157,483,159	1,695,827,129	(7,926,631)	-	-	-	5,212,658	-	94,323,242	1,944,919,557	-	1,944,919,557
Profit for the period	-	-	-	-	-	-	-	-	11,379,858	11,379,858	-	11,379,858
Issuance of bonus shares	33,557,495	(33,557,495)	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(23,469,408)	-	-	-	-	-	-	(23,469,408)	-	(23,469,408)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	2,606,329	-	-	2,606,329	-	2,606,329
As at 30-Sept-2015	191,040,654	1,662,269,634	(31,396,039)	-	-	-	7,818,987	-	105,703,100	1,935,436,336	-	1,935,436,336

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

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

From 1 July 2016 to 15 July 2016, the Company purchased 9,356,100 shares pursuant to the share purchase mandate approved by shareholders on 26 October 2015. These shares were acquired by way of market acquisition for a total consideration of RM15,355,875 and are held as treasury shares by the Company. The number of treasury shares has increased from 42,899,100 as at 30 June 2016 to 52,255,200 as at 30 September 2016.

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 30-Sept-16	As at 30-Jun-16	As at 30-Sept-15
Total number of issued shares	2,696,472,800	2,247,543,108	2,247,543,108
Add: Issuance of bonus shares during the period/year	-	448,929,692	448,929,692
Total number of issued shares at end of the period/year	2,696,472,800	2,696,472,800	2,696,472,800
Less: Treasury shares	(52,255,200)	(42,899,100)	(18,791,600)
Total number of issued shares excluding treasury shares	2,644,217,600	2,653,573,700	2,677,681,200

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

	As at 30-Sept-16	As at 30-Jun-16
Number of treasury shares at beginning of the year	42,899,100	2,894,000
Release of treasury shares pursuant to Performance Share Plan	-	(2,400,000)
Purchase of treasury shares	9,356,100	42,405,100
Number of treasury shares at end of the period/year	52,255,200	42,899,100

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 2016 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 2016 except that the Group has adopted the following new IFRS which became effective for the period beginning on or after 1 July 2016.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception
Amendments to IAS 27 Equity Method in Separate Financial Statements
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 1 Disclosure Initiative
Annual Improvements to IFRSs 2012 - 2014 Cycle
IFRS 14 Regulatory Deferral Accounts

The adoption of the above standards affects the presentation and disclosure in the financial statements only and does not have any material impact on the financial performance or position of the Group.

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

Description	Effective for annual periods beginning on or after
Amendments to IAS 7 Disclosure Initiative	1 January 2017
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 9 Financial Instruments	1 January 2018
IFRS 16 Leases	1 January 2019
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 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.

Not applicable.

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

	Group	
	First quarter ended	
	30-Sept-16	30-Sept-15
	Sen	Sen
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	6.37	2.59
Based on a fully diluted basis ⁽²⁾	6.37	2.59

⁽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 30 September 2016 of 2,645,215,673 (30 September 2015 of 2,649,526,761) 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 30-Sept-16		As at 30-Jun-16	
	Group Sen	Company Sen	Group Sen	Company Sen
Net asset value per ordinary share ⁽¹⁾	29.00	73.51	22.71	72.55

⁽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 year 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 year reported on.

(a) INCOME STATEMENT REVIEW – First quarter ended 30 September 2016 ("Q1 FY2017") vs First quarter ended 30 September 2015 ("Q1 FY2016")

Overview

Silverlake Axis Ltd (SAL) is a leading provider of digital economy solutions and services to the Banking, Insurance, Payment, Retail and Logistics industries. The Group's Software and Services Solutions deliver operational excellence and enable business transformations at over 300 organisations across Asia, Middle East, Central Europe, Australia and New Zealand.

From FY2011 to FY2016, the Group has successfully undertaken 5 acquisitions to broaden the suite of business enterprise software solutions and services offerings and strengthen its market position in new markets in New Zealand, Australia, South Asia and Europe. With expanded capabilities, the Group is well positioned to empower its customers to compete effectively in the digital economy ecosystem. Buoyed by continual investments in Information Technology by Asian financial institutions and corporations to improve their competitive edge, the Group continues to achieve steady growth.

In Q1 FY2017, the Group recorded a marginal decrease of 3% in revenue compared with the previous corresponding period and achieved a net profit attributable to shareholders of RM168.6 million.

Revenue

By Business Activities

	1-7-16 to 30-9-16	1-7-15 to 30-9-15	Change
	Group RM	Group RM	%
<u>Revenue</u>			
Software licensing	16,204,522	22,154,703	(27)
Software project services	10,680,992	26,320,950	(59)
Maintenance and enhancement services	88,368,583	69,491,869	27
Sale of software and hardware products	345,900	3,536,577	(90)
Credit and cards processing	4,391,527	3,885,423	13
Insurance processing	6,722,893	5,655,112	19
	126,714,417	131,044,634	(3)

For Q1 FY2017, Group revenue of RM126.7 million was 3% lower compared with Q1 FY2016. The decrease in Group revenue was due to lower contribution from software project services, software licensing and sale of software and hardware products, partially offset by an increase in revenue contribution from maintenance and enhancement services, insurance processing and credit and cards processing.

Software project services revenue was lower compared with the previous corresponding period due to the completion of higher value contracts secured in China and Malaysia in FY2016 and in Indonesia and Brunei during Q1 FY2017. This was partially offset by progressive revenue recognition from ongoing implementation contracts, new contracts secured from existing customers and the consolidation of Symmetri Group's projects on hand in Q1 FY2017.

Revenue from software licensing was lower compared with Q1 FY2016 due to lower value software licensing contracts delivered in Q1 FY2017. Further revenue recognition is expected to take place in the subsequent quarters with the progressive delivery of new and ongoing software licensing contracts secured from customers. Lower revenue was recorded from sale of software and hardware products as there were smaller sales of hardware products in Q1 FY2017 compared with one major hardware upgrade by a customer in Malaysia in Q1 FY2016.

Revenue from maintenance and enhancement services increased 27% to RM88.4 million in Q1 FY2017 with the consolidation of Symmetri Group's maintenance and enhancement revenue following the completion of the acquisition on 1 October 2015 as well as more maintenance and enhancement contracts secured from customers in Malaysia, Singapore and Thailand after the completion of software implementation contracts.

With the geographical expansion of business activities into Thailand and Vietnam and the appreciation of Indonesia Rupiah and Singapore Dollar ("SGD") against Ringgit Malaysia ("RM"), the recurrent revenue base of insurance processing was 19% higher in Q1 FY2017 compared with Q1 FY2016. The appreciation of Japanese Yen ("JPY") against RM had also led to an increase in credit and cards processing revenue.

Profitability

The Group recorded a gross profit of RM73.6 million in Q1 FY2017. The Group's gross profit margin of 58% in Q1 FY2017 was lower compared with 60% in Q1 FY2016. This decline was due to the change in revenue mix, with a lower proportion of revenue recorded from higher margin software licensing and lower gross profit margin from software project services.

Other income was significantly higher in Q1 FY2017 compared with Q1 FY2016 mainly due to the recognition of a gain of RM143.7 million on disposal of 4.5 million shares in an associate, Global InfoTech Co. Ltd. ("GIT") in Q1 FY2017 following the expiry of the Moratorium Period for GIT shares after their listing on ChiNext of the Shenzhen Stock Exchange, partially offset by lower unrealised foreign currency exchange gains in Q1 FY2017. Lower unrealised foreign currency exchange gains recorded in Q1 FY2017 were due to lower fluctuation of SGD and United States Dollar ("USD") bank balances and receivables as well as JPY loan to a subsidiary against RM in Q1 FY2017 compared to Q1 FY2016.

The selling and distribution expenses increased from RM3.1 million in Q1 FY2016 to RM8.0 million in Q1 FY2017 due to additional expenses from the consolidation of Symmetri Group and higher expenses incurred for marketing and research activities in Q1 FY2017.

Compared with Q1 FY2016, administrative expenses increased by 41% from RM14.3 million to RM20.2 million in Q1 FY2017 due to additional expenses from the consolidation of Symmetri Group, partially offset by a lower charge on share awards granted pursuant to Silverlake Axis Ltd Performance Share Plan.

The Group's share of profit of associates and a joint venture was RM1.0 million in Q1 FY2016 compared with share of loss of associates and a joint venture of RM2.1 million in Q1 FY2017. The contribution and share of profit of GIT were lower in Q1 FY2017 due to the dilution of interest in GIT from 20.25% to 20.01% arising from issuance of new shares pursuant to an employee shares incentive plan in January 2016 and subsequently to 16.67% as at 30 September 2016 following the disposal of 4.5 million shares in GIT from 20 July 2016 to 6 September 2016. A joint venture, Silverlake HGH Limited ("SHGH") contributed lower profit as well as a lower share of profit by the Group from the dilution of SHGH's interest in Finzsoft from 87.89% to 85.47% arising from issuance of Finzsoft's new shares in October 2015 as the final payment for its acquisition of Sush Global Solutions Limited in August 2014.

With gain on disposal of shares in an associate offset with an increase in selling and administrative expenses, the Group recorded a profit before tax of RM189.3 million in Q1 FY2017.

Income tax expense increased from RM8.3 million in Q1 FY2016 to RM20.7 million in Q1 FY2017 mainly due to the accruals of withholding tax on proceeds from disposal of shares in an associate. The effective tax rate remained constant at 11% in Q1 FY2017 and Q1 FY2016. Excluding the gain and tax expense associated with disposal of GIT shares, the effective tax rate decreased from 11% in Q1 FY2016 to 9% in Q1 FY2017 due to lower withholding tax on some overseas revenue and lower taxable income contributed by certain subsidiaries in Q1 FY2017 compared with Q1 FY2016.

With the gain of RM143.7 million on disposal of 4.5 million shares in GIT, the Group reported a profit after tax attributable to shareholders of RM168.6 million in Q1 FY2017.

(b) STATEMENTS OF FINANCIAL POSITION REVIEW

Intangible assets

The decrease in intangible assets from RM195.9 million as at 30 June 2016 to RM194.8 million as at 30 September 2016 was mainly due to the amortisation of intangible assets for Q1 FY2017, partially offset with higher foreign currency translation of intangibles attributable to the appreciation of SGD and USD against RM.

Investments in associates

The Moratorium Period for the Company's GIT shares following their listing on ChiNext of the Shenzhen Stock Exchange ("ChiNext") expired on 1 June 2016. From 20 July 2016 to 6 September 2016, the Company disposed 4.5 million GIT shares in several block trades on ChiNext, with a gain on disposal of shares of RM143.7 million recognised under Other Income in the consolidation income statement for the financial quarter ended 30 September 2016. Consequently, the proportion of ownership interest held by the Company in GIT reduced to 16.67% with the remaining 22.5 million GIT shares held.

Subsequent to the financial quarter ended 30 September 2016, GIT issued bonus shares on the basis of twenty two (22) new shares for every ten (10) existing shares held by the shareholders of GIT. Following the issuance of bonus shares on 26 October 2016, the number of shares held by the Company has increased from 22.5 million shares to 72.0 million shares and the proportion of ownership interest held by the Company in GIT remained at 16.67% as at the date of issuance of bonus shares.

Trade and other receivables

Trade and other receivables decreased from RM177.8 million as at 30 June 2016 to RM144.7 million as at 30 September 2016 as a result of improved timing of collection from customers.

Amounts due from/(to) related parties

The amounts due from/(to) related parties relate to transactions between the Group and Interested Persons ("Silverlake Entities") under the approved General Mandate for Interested Persons 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.

Amounts due from/(to) customers for contract work-in-progress

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 30 September 2016 was RM6.8 million compared with RM8.7 million as at 30 June 2016 and this was mainly due to the timing of billings and revenue recognition for the contracts on hand.

Advance maintenance fees

Advance maintenance fees represent maintenance fees billed in advance, for which revenue will be recognised over the contractual period, typically twelve months. The decrease in advance maintenance fees from RM55.8 million as at 30 June 2016 to RM42.0 million as at 30 September 2016 was mainly due to the recognition of maintenance revenue following the performance of services in Q1 FY2017.

Income tax payable

Income tax payable represents the amount expected to be paid to the taxation authorities. The increase in income tax payable from RM10.8 million as at 30 June 2016 to RM26.0 million as at 30 September 2016 was mainly due to the accruals of withholding tax associated with the disposal of shares in an associate in Q1 FY2017.

Cash and bank balances

Cash and bank balances increased from RM225.9 million as at 30 June 2016 to RM427.9 million as at 30 September 2016 mainly due to the cash inflow from investing activities of RM161.4 million from disposal of shares in an associate and net cash inflow from operating activities of RM56.8 million, partially offset with cash outflow from financing activities of RM17.5 million for purchase of treasury shares.

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

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The current cautious business outlook in the region is likely to continue into early 2017. Under such market conditions, the Group remains active, working with existing customers to maintain and enhance their core IT systems as well as deliver new capabilities through Fintech innovations for existing and new customers. The Group is also responding to requests for proposals and engaging in discussions with existing and potential customers for core IT replacements and upgrades.

Over the past nine years, the Group has demonstrated a strong track record in making synergistic acquisitions to significantly expand its portfolio of software products and services. The Group will continue to evaluate suitable acquisition opportunities and at the same time, monetises investments like Global InfoTech to channel resources to expand the market share of its group companies, including Cyber Village, Merimen and Symmetri over the medium term.

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
Dividend Type	Cash
Dividend Rate	Singapore cents 0.5 per ordinary share
Par Value of Shares	USD0.02
Tax Rate	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
Dividend Type	Cash
Dividend Rate	Singapore cents 0.6 per ordinary share
Par Value of Shares	USD0.02
Tax Rate	Tax exempt 1-tier

(c) Date payable

The Directors have proposed a tax exempt (one-tier) interim dividend of Singapore cents 0.5 per ordinary share. The interim dividend will be payable on 5 December 2016.

(d) Books closure date

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 23 November 2016 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 22 November 2016 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 22 November 2016 will be entitled to the proposed interim dividend.

12. If no dividend has been declared/recommended, a statement to that effect.

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 (in dollar value) 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 30 September 2016 by the Group in accordance with the shareholders' mandates were as follow:

	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)
Name of interested person	1-7-16 to 30-9-16	1-7-16 to 30-9-16
	RM	RM
Companies associated to Mr Goh Peng Ooi ("Silverlake Entities")		
- IPT Mandate ⁽¹⁾		
Revenue from Silverlake Entities	-	23,277,264
Service fees to Silverlake Entities	-	(8,539,359)
- Non-Mandate Transactions ⁽²⁾		
Revenue from Silverlake Entities	233,803	-

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

⁽²⁾ The Non-Mandate revenue was mainly revenue from sale of hardware and provision of enhancement services between Silverlake Holdings Sdn. Bhd. and Silverlake Entities.

18. Ageing for amounts owing from related parties

The ageing for amounts owing from related parties as at 30 September 2016 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
Transactions conducted under the IPT Mandates: -						
Silverlake Entities ⁽¹⁾	57,835,711	18,831,854	2,394,535	1,366,388	35,242,934	-
Non-Mandate Transactions						
Silverlake Entities	229,514	186,152	43,362	-	-	-
Non-Trade Transactions						
Silverlake Entities	40,614	39,889	725	-	-	-
Grand Total	58,105,839	19,057,895	2,438,622	1,366,388	35,242,934	-

(Note 2)

(Note 2)

(Note 3)

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

⁽²⁾ As at 11 November 2016, the amounts due from Silverlake Entities between 31 - 90 days have been fully collected.

⁽³⁾ This amount due from Silverlake Entities for a specific project with approved longer credit term will be settled in Q2 FY2017.

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 30 September 2016 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

KWONG YONG SIN
Group Managing Director

11 November 2016