

SILVERLAKE AXIS LTD

First Quarter Financial Statements And Dividend Announcement For The Financial Period Ended 30 September 2014

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

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediate preceding financial year

CONSOLIDATED INCOME STATEMENT

For the first quarter ended 30 September 2014

	First quarter ended 30 September		
	2014	2013	Change
	RM	RM	%
Revenue	116,292,353	101,442,651	15
Cost of sales	(41,266,100)	(42,509,758)	(3)
Gross profit	75,026,253	58,932,893	27
Other items of income			
Finance income	702,635	648,954	8
Other income	403,883	8,345,314	(95)
Other items of expenses			
Selling and distribution costs	(2,505,338)	(2,112,883)	19
Administrative expenses	(12,127,738)	(10,445,581)	16
Finance costs	(522,030)	(940,145)	(44)
Share of profit of associates	1,991,991	755,405	>100
Profit before tax	62,969,656	55,183,957	14
Income tax expense	(3,266,179)	(4,025,390)	(19)
Profit for the period	59,703,477	51,158,567	17
Profit for the period attributable to:			
Owners of the parent	59,699,835	51,147,364	17
Non-controlling interests	3,642	11,203	(67)
	59,703,477	51,158,567	17
Earnings per share attributable to the owners of the parent:			
- Basic (sen)	2.66	2.28	17
- Diluted (sen)	2.66	2.28	17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended 30 September 2014

	First quarter ended 30 September		
	2014	2013	Change
	RM	RM	%
Profit for the period	59,703,477	51,158,567	17
Other comprehensive income:			
Item that can be reclassified subsequently to profit or loss:			
Foreign currency translation gain *	2,769,346	4,488,384	(38)
Other comprehensive income for the period, net of tax	2,769,346	4,488,384	(38)
Total comprehensive income for the period	62,472,823	55,646,951	12
Total comprehensive income for the period attributable to:			
Owners of the parent	62,469,181	55,635,748	12
Non-controlling interests	3,642	11,203	(67)
	62,472,823	55,646,951	12

* 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		
	2014	2013	Change
	RM	RM	%
Amortisation of intangible assets	(2,767,666)	(2,689,357)	3
Depreciation of property, plant and equipment	(497,091)	(357,855)	39
Net foreign currency exchange (loss)* /gain ** :			
- realised	(114,561)	1,031,905	>100
- unrealised	(1,104,517)	7,172,817	>100
Adjustments for over provision of tax in respect of prior years	3,885	27,916	(86)
Gain on disposal of property, plant and equipment **	-	58,000	(100)
Gain on sale of available-for-sale financial assets - money market fund **	349,769	-	N/M
Write off of property, plant and equipment	(937)	-	N/M
Performance shares issued	(96,068)	(288,203)	(67)
Allowance for unutilised leave	(448,284)	(443,679)	1
Allowance for defined benefit liabilities	(158,150)	(155,015)	2

* Included in other operating expenses

** Included in other operating income

N/M = Not Meaningful

1(b)(i) Balance sheets (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year.
STATEMENT OF FINANCIAL POSITIONS

	As at 30-Sept-14		As at 30-Jun-14	
	Group RM	Company RM	Group RM	Company RM
ASSETS				
Non-current assets				
Property, plant and equipment	12,609,127	3,329	13,101,765	4,185
Intangible assets	158,968,893	-	161,510,047	-
Investments in subsidiaries	-	1,827,788,044	-	1,827,788,044
Investments in associates	76,113,779	1,230,000	74,121,788	1,230,000
Deferred tax assets	1,358,486	-	1,652,150	-
	249,050,285	1,829,021,373	250,385,750	1,829,022,229
Current assets				
Amounts due from customers for contract work-in-progress	13,954,192	-	22,224,485	-
Trade and other receivables	79,583,007	312,596	102,616,154	64,588
Advance maintenance costs	1,361,383	-	1,171,516	-
Prepayments	1,554,144	158,259	1,336,466	78,979
Dividend receivable	-	-	-	4,150,798
Amounts due from related parties	35,086,408	-	38,611,873	-
Loan to subsidiaries	-	13,736,047	-	14,436,317
Tax recoverable	1,354,469	-	591,349	-
Cash and bank balances	424,356,720	155,680,837	349,804,185	153,072,247
	557,250,323	169,887,739	516,356,028	171,802,929
Total assets	806,300,608	1,998,909,112	766,741,778	2,000,825,158
EQUITY AND LIABILITIES				
Equity				
Share capital	157,483,159	157,483,159	157,483,159	157,483,159
Share premium	252,437,933	1,688,995,689	252,437,933	1,688,995,689
Treasury shares	(768,352)	(768,352)	(768,352)	(768,352)
Foreign currency translation reserve	(2,894,507)	-	(5,663,853)	-
Capital reserve	466,828	-	466,828	-
Statutory reserve	21,819	-	21,819	-
Performance share plan reserve	672,473	672,473	576,405	576,405
Merger deficit	(119,765,286)	-	(119,765,286)	-
Retained profits	391,227,520	121,956,309	331,527,685	124,202,110
Equity attributable to owners of the parent	678,881,587	1,968,339,278	616,316,338	1,970,489,011
Non-controlling interests	65,254	-	61,612	-
Total equity	678,946,841	1,968,339,278	616,377,950	1,970,489,011
Non-current liabilities				
Loans and borrowings	2,272,392	-	2,560,515	-
Deferred tax liabilities	11,986,759	-	12,352,540	-
Other payables	17,570,482	17,570,482	17,272,430	17,272,430
Provision for defined benefit liabilities	3,306,155	-	3,167,894	-
	35,135,788	17,570,482	35,353,379	17,272,430

STATEMENT OF FINANCIAL POSITIONS (Cont'd)

	As at 30-Sept-14		As at 30-Jun-14	
	Group RM	Company RM	Group RM	Company RM
Current liabilities				
Amounts due to customers for contract work-in-progress	6,199,180	-	7,084,909	-
Trade and other payables	48,416,974	12,951,198	63,116,777	12,949,789
Provision for defined benefit liabilities	360,038	-	337,478	-
Advance maintenance fees	24,503,081	-	27,833,012	-
Loans and borrowings	1,127,820	-	1,293,379	-
Amounts due to subsidiaries	-	45,777	-	109,165
Amounts due to related parties	530,784	-	2,119,573	-
Income tax payable	11,080,102	2,377	13,225,321	4,763
	92,217,979	12,999,352	115,010,449	13,063,717
Total liabilities	127,353,767	30,569,834	150,363,828	30,336,147
Net current assets	465,032,344	156,888,387	401,345,579	158,739,212
Total equity and liabilities	806,300,608	1,998,909,112	766,741,778	2,000,825,158

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30-Sept-14	
Secured Group RM	Unsecured Group RM
1,127,820	-

As at 30-Jun-14	
Secured Group RM	Unsecured Group RM
1,293,379	-

Amount repayable after one year

As at 30-Sept-14	
Secured Group RM	Unsecured Group RM
2,272,392	-

As at 30-Jun-14	
Secured Group RM	Unsecured Group RM
2,560,515	-

Details of any collateral

The secured facilities of the Group comprise hire purchases, leasing and term loan which are secured by certain property, plant and equipment of subsidiaries with a total net book value of RM10,901,395 as at 30 September 2014 (RM11,251,055 as at 30 June 2014).

1(c) Cash flow statements (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-14	30-Sept-13
	RM	RM
Operating activities:		
Profit before tax	62,969,656	55,183,957
Adjustments for:		
Amortisation of intangible assets	2,767,666	2,689,357
Depreciation of property, plant and equipment	497,091	357,855
Write off of property, plant and equipment	937	-
Net gain on disposal of property, plant and equipment	-	(58,000)
Gain on sale of available-for-sale financial assets - money market fund	(349,769)	-
Unrealised foreign currency exchange loss/(gain)	1,104,517	(7,172,817)
Allowance for unutilised leave	448,284	443,679
Allowance for defined benefit liabilities	158,150	155,015
Performance shares issued	96,068	288,203
Share of profit of associates	(1,991,991)	(755,405)
Finance costs	522,030	940,145
Finance income	(702,635)	(648,954)
Operating cash flows before changes in working capital:	65,520,004	51,423,035
Changes in working capital:		
Decrease in trade and other receivables	23,872,289	1,424,381
Net movement in amounts due from/to customers for contract work-in-progress	6,919,238	(17,519,597)
Net movement in amounts due from/to related parties	1,675,348	16,749,506
(Decrease)/Increase in trade and other payables	(18,556,675)	17,165,207
Cash flows from operations	79,430,204	69,242,532
Income tax paid	(6,244,833)	(4,672,589)
Interest paid	(31,824)	(211,454)
Net cash flows from operating activities	73,153,547	64,358,489
Investing activities:		
Purchases of property, plant and equipment	(124,485)	(289,354)
Payments for software development expenditure	-	(1,388,899)
Payments for other intangible assets	-	(113,520)
Acquisition of a subsidiary, net of cash acquired	-	(34,345,453)
Proceeds from disposal of property, plant and equipment	-	58,000
Proceeds from sale of available-for-sale financial assets - money market fund	87,149,769	-
Purchase of available-for-sale financial assets - money market fund	(86,800,000)	-
Interest received	454,867	524,983
Placement of short-term deposits	(19,295)	(121,301)
Net cash flows from/(used in) investing activities	660,856	(35,675,544)
Financing activities:		
Repayment of term loan and revolving credit	(126,231)	(2,374,396)
Repayment of finance lease liabilities	(246,060)	(128,167)
Net cash flows used in financing activities	(372,291)	(2,502,563)
Net increase in cash and cash equivalents	73,442,112	26,180,382
Effects of exchange rate changes on cash and cash equivalents	1,201,261	6,105,690
Cash and cash equivalents at beginning of the financial period	227,722,306	305,947,195
Cash and cash equivalents at end of the financial period	302,365,679	338,233,267

	First quarter ended	
	30-Sept-14	30-Sept-13
	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 Statement of Financial Positions	424,356,720	396,570,437
Less: Short-term deposits with licensed banks with maturity more than 3 months	(120,766,407)	(57,112,301)
Less: Pledged deposits	(1,224,634)	(1,224,869)
Cash and cash equivalents at end of the financial period	302,365,679	338,233,267

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 2014

	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-2014	157,483,159	252,437,933	(768,352)	(5,663,853)	466,828	21,819	576,405	(119,765,286)	331,527,685	616,316,338	61,612	616,377,950
Profit for the period	-	-	-	-	-	-	-	-	59,699,835	59,699,835	3,642	59,703,477
Other comprehensive income for the period	-	-	-	2,769,346	-	-	-	-	-	2,769,346	-	2,769,346
Grant of shares under Performance Share Plan	-	-	-	-	-	-	96,068	-	-	96,068	-	96,068
As at 30-Sept-2014	157,483,159	252,437,933	(768,352)	(2,894,507)	466,828	21,819	672,473	(119,765,286)	391,227,520	678,881,587	65,254	678,946,841

	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-2014	157,483,159	1,688,995,689	(768,352)	-	-	-	576,405	-	124,202,110	1,970,489,011	-	1,970,489,011
Profit for the period	-	-	-	-	-	-	-	-	(2,245,801)	(2,245,801)	-	(2,245,801)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	96,068	-	-	96,068	-	96,068
As at 30-Sept-2014	157,483,159	1,688,995,689	(768,352)	-	-	-	672,473	-	121,956,309	1,968,339,278	-	1,968,339,278

Consolidated Statement of Changes in Equity for the first quarter ended 30 September 2013

	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-2013	157,483,159	251,834,093	(933,052)	(8,207,778)	466,828	-	576,405	(119,765,286)	306,621,855	588,076,224	29,219	588,105,443
Profit for the period	-	-	-	-	-	-	-	-	51,147,364	51,147,364	11,203	51,158,567
Other comprehensive income for the period	-	-	-	4,488,384	-	-	-	-	-	4,488,384	-	4,488,384
Grant of shares under Performance Share Plan	-	-	-	-	-	-	288,203	-	-	288,203	-	288,203
As at 30-Sept-2013	157,483,159	251,834,093	(933,052)	(3,719,394)	466,828	-	864,608	(119,765,286)	357,769,219	644,000,175	40,422	644,040,597

	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-2013	157,483,159	1,688,391,849	(933,052)	-	-	-	576,405	-	128,352,374	1,973,870,735	-	1,973,870,735
Profit for the period	-	-	-	-	-	-	-	-	3,649,353	3,649,353	-	3,649,353
Grant of shares under Performance Share Plan	-	-	-	-	-	-	288,203	-	-	288,203	-	288,203
As at 30-Sept-2013	157,483,159	1,688,391,849	(933,052)	-	-	-	864,608	-	132,001,727	1,977,808,291	-	1,977,808,291

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 since the end of the previous financial year.

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

	As at 30-Sept-14	As at 30-Jun-14	As at 30-Sept-13
Total number of issued shares	2,247,543,108	2,247,543,108	2,247,543,108
Less: Treasury shares	(2,794,000)	(2,794,000)	(3,394,000)
Total number of issued shares excluding treasury shares	2,244,749,108	2,244,749,108	2,244,149,108

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-14	As at 30-Jun-14
Number of treasury shares at beginning of the year	2,794,000	3,394,000
Release of treasury shares pursuant to Performance Share Plan	-	(600,000)
Number of treasury shares at end of the period/year	2,794,000	2,794,000

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 financial year ended 30 June 2014 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 2014 except that the Group has adopted the following new IFRS and interpretations which became effective for the period beginning on or after 1 July 2014.

Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities
Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets
Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21 Levies
Amendments to IAS 19 Defined Benefit Plans: Employee Contributions
Annual Improvements to IFRSs 2010 - 2012 Cycle
Annual Improvements to IFRSs 2011 - 2013 Cycle

The adoption of the above standards affects the presentation and disclosure only and will have no 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 IFRS 11 Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 14 Regulatory Deferral Accounts	1 January 2016
Amendments to IAS 27 Reinstating the Equity Method as an Accounting Option for Investments in Subsidiaries, Joint Ventures and Associates in an Entity's Separate Financial Statements	1 January 2016
Amendments to IAS 16 and IAS 38 Classification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to IAS 16 and IAS 41 Bringing Bearer Plants into the Scope of IAS 16	1 January 2016
IFRS 15 Revenue from Contracts with Customers	1 January 2017
IFRS 9 Financial Instruments	1 January 2018

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-14	30-Sept-13
	Sen	Sen
Based on the weighted average number of ordinary shares on issue *	2.66	2.28
Based on a fully diluted basis #	2.66	2.28

* 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 2014 of 2,244,749,108 (30 September 2013: 2,244,149,108) of USD0.02 each.

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-14		As at 30-Jun-14	
	Group Sen	Company Sen	Group Sen	Company Sen
Net asset value per ordinary share *	30.24	87.69	27.46	87.78

* 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 2014 ("Q1 FY2015") vs First quarter ended 30 September 2013 ("Q1 FY2014")

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 Silverlake Axis Software and Services Solutions are delivering operational excellence and enabling business transformations at over 100 organisations across Asia including 40% of the largest banks in South East Asia.

From FY2010 to FY2014, the Group has successfully undertaken several acquisitions to broaden the suite of business enterprise software solutions and services offerings which in turn contributed to the steady growth over the past 4 years. The Group continues to benefit from these acquisitions.

The Group is in a dynamic growth phase of empowering 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 recorded a growth in revenue and net profit attributable to shareholders of 15% and 17% respectively in Q1 FY2015 over the previous corresponding financial period.

Revenue

By Business Activities

	1-7-14 to 30-9-14 Group	1-7-13 to 30-9-13 Group	Change
	RM	RM	%
<u>Revenue</u>			
Software licensing	38,038,051	20,652,726	84
Software project services	12,620,835	22,216,849	(43)
Maintenance and enhancement services	56,447,343	46,172,708	22
Sale of software and hardware products	777,652	3,590,988	(78)
Credit and cards processing	3,680,747	3,926,267	(6)
Insurance processing	4,727,725	4,883,113	(3)
	116,292,353	101,442,651	15

For Q1 FY2015, group revenue of RM116.3 million was 15% higher compared with Q1 FY2014. The increase in the Group's revenue was due to higher contribution from software licensing and maintenance and enhancement services. This was partially offset by a decrease in revenue contribution from software project services and sale of software and hardware products.

The Group benefited from the delivery of software licensing contracts during the quarter. Maintenance and enhancement revenue also recorded strong growth with more maintenance and enhancement contracts secured in Malaysia, Singapore and Thailand following the completion of software implementation contracts. Enhancement services were delivered to customers investing in software enhancements to improve the effectiveness of their systems and proactively meet regulatory compliance requirements.

However, revenue from software project services was lower compared with the previous corresponding financial period due to lower progressive revenue recognition on ongoing project implementation contracts during the quarter. Sale of software and hardware products decreased compared with Q1 FY2014 as there was no major sale of hardware products in Q1 FY2015.

Profitability

The Group achieved a 27% increase in gross profit to RM75.0 million in Q1 FY2015, compared with RM58.9 million in Q1 FY2014. The Group's gross profit margin of 65% in Q1 FY2015 was higher compared with 58% in Q1 FY2014 mainly due to the change in revenue mix, with a higher proportion of revenue recorded from higher margin activities such as software licensing and maintenance and enhancement services compared with the previous corresponding financial period.

Other income decreased significantly from RM8.3 million in Q1 FY2014 to RM0.4 million in Q1 FY2015. The net realised and unrealised foreign currency exchange gains recorded in Q1 FY2014 were much higher at RM8.2 million and were brought about by the appreciation of Singapore Dollar and US Dollar's bank balances and receivables against Ringgit Malaysia.

The selling and distribution expenses increased from RM2.1 million in Q1 FY2014 to RM2.5 million in Q1 FY2015 as higher expenses were incurred for marketing activities in Q1 FY2015.

Compared with Q1 FY2014, the administrative expenses increased by 16% from RM10.4 million to RM12.1 million in Q1 FY2015 due to realised and unrealised foreign currency loss arising from translation of foreign currencies of receivables and bank balances of RM1.2 million, and an increase in staff related costs, partially offset by lower professional fees incurred in relation to the acquisition of a new subsidiary.

Finance costs decreased from RM0.9 million to RM0.5 million in Q1 FY2015. Higher finance costs were incurred in Q1 FY2014 on revolving credit interest and higher quarterly fair value adjustment on the remaining purchase consideration for the acquisition of Merimen Group and CVSB as required by IFRS.

The Group's share of profit of associates was RM2.0 million in Q1 FY2015 compared with RM0.8 million in Q1 FY2014 due to higher contribution from Global InfoTech Co. Ltd.

With the increase in gross profit and higher share of profit of associates, the Group recorded a profit before tax of RM63.0 million, 14% higher than RM55.2 million achieved in the previous corresponding financial period.

Although profitability was higher, income tax expense decreased slightly from RM4.0 million in Q1 FY2014 to RM3.3 million in Q1 FY2015. The effective tax rate decreased from 7% in Q1 FY2014 to 5% in Q1 FY2015 due to higher tax-exempt income earned during the quarter.

Overall, the Group reported a profit after tax of RM59.7 million, 17% higher than the RM51.2 million achieved in the previous corresponding financial period and with an improvement in net profit margin from 50% to 51%.

(b) STATEMENT OF FINANCIAL POSITIONS REVIEW

Intangible assets

The decrease in intangible assets from RM161.5 million as at 30 June 2014 to RM159.0 million as at 30 September 2014 was mainly attributable to the amortisation of intangible assets for Q1 FY2015.

Trade and other receivables

Trade and other receivables decreased from RM102.6 million as at 30 June 2014 to RM79.6 million as at 30 September 2014 mainly due to 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 may 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 2014 was RM7.8 million compared with RM15.1 million as at 30 June 2014 and this was mainly due to the timing of billings and revenue recognition for the contracts on hand.

Total current and non-current trade and other payables

Trade and other payables decreased from RM80.4 million as at 30 June 2014 to RM66.0 million as at 30 September 2014. The decrease in current and non-current trade and other payables as at 30 September 2014 was mainly due to lower accrual of sub-contractor fees.

Cash and bank balances

Overall the Group's cash and bank balances remained strong. Cash and bank balances increased from RM349.8 million as at 30 June 2014 to RM424.4 million as at 30 September 2014 mainly due to the net cash inflow from operating activities of RM73.2 million. Out of the cash and bank balances of RM424.4 million, about RM105.0 million will be used to pay the final and special dividends for FY2014 to shareholders on 27 November 2014.

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.

Although the economic and political uncertainties in Europe are likely to moderate business sentiments, the Group remains focused on business opportunities in Asia where the outlook continues to be cautiously favourable. Mergers and acquisitions amongst banks in Asia remain active and the trend is expected to continue. Several of our customers are at various stages of expanding their business footprints in ASEAN and North East Asia, and we welcome the opportunities to support our existing customers as they expand their operations throughout Asia.

Our expanded suite of mission critical enterprise software solutions and service offerings will enable our customers in multi-industries to innovate and compete effectively in a digital economy. In FY2015, our top priority will continue to be the timely and successful execution of software implementation projects from existing and new customers. Each successfully completed project will lead to retention of customers and generation of additional businesses.

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 0.8 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 0.8 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 0.8 per ordinary share. The interim dividend will be payable on 12 December 2014.

(d) Books closure date

Notice is hereby given that the Transfer Book and Register of Member of the Company will be closed on 28 November 2014 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 27 November 2014 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 27 November 2014 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 2014 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)
	1-7-14 to 30-9-14	1-7-14 to 30-9-14
	RM	RM
Companies associated to Mr Goh Peng Ooi ("Silverlake Entities")		
- New IPT Mandate ⁽¹⁾		
Revenue from Silverlake Entities	-	37,171,461
Service fees to Silverlake Entities	-	(10,525,217)
- Ancillary Transactions ⁽²⁾		
Revenue from Silverlake Entities	-	1,091,486
- Non-Mandate ⁽³⁾		
Revenue from Silverlake Entities	276,161	-

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

(2) Ancillary Transactions were approved by shareholders at Special General Meeting on 28 January 2010 for transactions pursuant to Restructuring Agreements where Silverlake Entities shall be bare trustees for the Group, pending novation and/or assignment of applicable contracts to the Group.

(3) The Non-Mandate revenue was revenue from the sale of software and hardware products between Cyber Village Sdn. Bhd. and Silverlake Entities.

- 18. Ageing for amounts owing from related parties**

The ageing for amounts owing from the Silverlake Entities as at 30 September 2014 was as follows:

Name of related parties	Total Due RM	0-30 days RM	31-90 days RM	91-180 days RM	181-360 days RM	> 360 days RM
<u>Transactions conducted under the New Mandates: -</u>						
Silverlake Entities ⁽¹⁾	34,802,721	34,802,721	-	-	-	-
<u>Non-Mandate</u>						
Silverlake Entities	276,161	-	276,161	-	-	-
<u>Non-trade Transactions</u>						
Silverlake Entities	7,526	7,526	-	-	-	-
Grand Total ⁽²⁾	35,086,408	34,810,247	276,161	-	-	-

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

(2) As at 10 November 2014, the amounts owing from Silverlake Entities for more than 30 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 30 September 2014 to be false or misleading in any material aspect.

20. Use of Proceeds from the Placement of 100,000,000 shares

On 11 June 2013, the Company allotted and issued 100,000,000 ordinary shares at an issue price of SGD0.75 per share. Out of the total net proceeds of RM180.3 million, RM39.3 million and RM11.2 million have been disbursed and utilised towards the first payment for the acquisition of Cyber Village Sdn. Bhd. on 3 July 2013 and the second tranche payment for the acquisition of 80% equity interest in Merimen Group on 19 November 2013.

The use of the net proceeds is in accordance with that previously disclosed in the Company's announcement dated 29 May 2013, 3 July 2013 and 19 November 2013. The remaining proceeds from the placement of RM129.8 million is currently being placed as fixed deposits with financial institutions. The Company will continue to make periodic announcements on the utilisation of the proceeds as and when the proceeds are materially disbursed.

BY ORDER OF THE BOARD

KWONG YONG SIN
Group Managing Director

10 November 2014