

SILVERLAKE AXIS LTD

First Quarter Financial Statements And Dividend Announcement For The Financial Period Ended 30 September 2017

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 2017

	First quarter ended 30 September		
	2017	2016	Change
	RM	RM	%
Revenue	114,041,684	126,714,417	(10)
Cost of sales	(54,953,234)	(53,075,659)	4
Gross profit	59,088,450	73,638,758	(20)
Other items of income			
Finance income	1,564,759	348,258	>100
Other income	6,528,527	145,851,253	(96)
Other items of expenses			
Selling and distribution costs	(6,318,263)	(7,976,422)	(21)
Administrative expenses	(25,396,654)	(20,190,414)	26
Finance costs	(464,497)	(296,541)	57
Share of profit/(loss) of a joint venture and associates	205,685	(2,076,725)	>100
Profit before tax	35,208,007	189,298,167	(81)
Income tax expense	(3,475,526)	(20,721,876)	(83)
Profit for the period	31,732,481	168,576,291	(81)
Profit for the period attributable to:			
Owners of the parent	31,727,941	168,577,280	(81)
Non-controlling interests	4,540	(989)	>100
	31,732,481	168,576,291	(81)
Earnings per share attributable to the owners of the parent:			
- Basic (sen)	1.20	6.37	(81)
- Diluted (sen)	1.20	6.37	(81)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the first quarter ended 30 September 2017

	First quarter ended 30 September		
	2017	2016	Change
	RM	RM	%
Profit for the period	31,732,481	168,576,291	(81)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sale financial assets	(1,533,230)	-	N/M
Deferred tax relating to fair value loss on available-for-sale financial assets	(207,602)	-	N/M
Foreign currency translation (loss)/gain*	(7,871,638)	9,989,126	>100
Share of foreign currency translation loss of a joint venture	(34,014)	(27,041)	26
	(9,646,484)	9,962,085	>100
Other comprehensive (loss)/income for the period, net of tax	(9,646,484)	9,962,085	>100
Total comprehensive income for the period	22,085,997	178,538,376	(88)
Total comprehensive income for the period attributable to:			
Owners of the parent	22,081,457	178,539,365	(88)
Non-controlling interests	4,540	(989)	>100
	22,085,997	178,538,376	(88)

N/M = Not Meaningful

* Foreign currency translation (loss)/gain represents the movement in exchange differences arising from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's reporting currency.

1(a)(ii) Notes to the statement of comprehensive income:

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

	First quarter ended		
	30 September		
	2017	2016	Change
	RM	RM	%
Impairment loss on financial assets - trade receivables	(448,104)	-	N/M
Amortisation of intangible assets	(3,856,092)	(3,601,169)	7
Depreciation of property, plant and equipment	(978,812)	(1,033,255)	(5)
Write off of property, plant and equipment	(2,755)	(32,840)	(92)
Reversal of impairment loss on trade receivables**	1,389	-	N/M
Waiver of debts by previous owner of a subsidiary**	1,130,048	-	N/M
Net foreign currency exchange (loss)/gain**:			
- realised	(2,715,240)	1,905,925	>100
- unrealised	4,921,831	(94,022)	>100
Net gain on disposal of property, plant and equipment**	-	17,695	(100)
Gain on redemption of available-for-sale financial assets - money market fund**	111,306	124,623	(11)
Gain on disposal of shares in an associate**	-	143,738,447	(100)
Dividend income from quoted equity investment	208,825	-	N/M
Performance shares issued	(1,081,029)	(1,081,029)	0
Allowance for unutilised leave	(609,452)	(590,196)	3
Allowance for defined benefit liabilities	(311,521)	(212,919)	46

* 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-17		As at 30-Jun-17	
	Group RM	Company RM	Group RM	Company RM
ASSETS				
Non-current assets				
Property, plant and equipment	18,103,706	-	19,085,269	-
Intangible assets	186,909,438	-	191,690,631	-
Investments in subsidiaries	-	1,863,873,593	-	1,863,873,593
Interest in a joint venture	29,259,028	29,087,986	30,175,732	30,176,361
Deferred tax assets	4,911,046	-	5,877,391	-
	239,183,218	1,892,961,579	246,829,023	1,894,049,954
Current assets				
Amounts due from customers for contract work-in-progress	19,014,462	-	20,888,447	-
Trade and other receivables	122,654,530	280,926	144,592,658	29,167
Advance maintenance costs	4,448,121	-	3,559,841	-
Prepayments	4,573,400	150,194	5,065,685	52,606
Dividend receivables	-	95,337,160	-	129,290,101
Amounts due from related parties	4,433,274	-	13,693,457	-
Tax recoverable	4,918,675	-	3,371,722	-
Available-for-sale financial assets				
- quoted equity shares	278,728,839	-	280,305,198	-
- money market fund	2,312,803	-	2,312,790	-
Cash and bank balances	631,979,651	115,521,015	720,708,154	78,941,196
	1,073,063,755	211,289,295	1,194,497,952	208,313,070
Total assets	1,312,246,973	2,104,250,874	1,441,326,975	2,102,363,024
EQUITY AND LIABILITIES				
Equity				
Share capital	191,040,654	191,040,654	191,040,654	191,040,654
Share premium	232,217,438	1,668,775,194	232,217,438	1,668,775,194
Treasury shares	(86,627,098)	(86,627,098)	(86,627,098)	(86,627,098)
Foreign currency translation reserve	54,054,045	-	61,959,697	-
Capital reserve	466,828	-	466,828	-
Statutory reserve	21,819	-	21,819	-
Performance share plan reserve	11,244,919	11,244,919	10,163,890	10,163,890
Available-for-sale reserve	(88,938,271)	-	(87,197,439)	-
Merger deficit	(119,765,286)	-	(119,765,286)	-
Retained profits	880,048,895	244,973,264	955,660,890	228,794,009
Equity attributable to owners of the parent	1,073,763,943	2,029,406,933	1,157,941,393	2,012,146,649
Non-controlling interests	89,738	-	85,198	-
Total equity	1,073,853,681	2,029,406,933	1,158,026,591	2,012,146,649

STATEMENTS OF FINANCIAL POSITION (Cont'd)

	As at 30-Sept-17		As at 30-Jun-17	
	Group RM	Company RM	Group RM	Company RM
Non-current liabilities				
Loans and borrowings	1,401,645	-	1,645,395	-
Deferred tax liabilities	37,967,591	-	38,735,562	-
Provision for defined benefit liabilities	8,018,254	-	7,725,490	-
	47,387,490	-	48,106,447	-
Current liabilities				
Amounts due to customers for contract work-in-progress	7,143,327	-	9,622,418	-
Trade and other payables	57,133,245	1,294,872	66,278,036	1,872,156
Provision for defined benefit liabilities	266,370	-	419,939	-
Advance maintenance fees	47,851,113	-	57,003,287	-
Loans and borrowings	68,203,918	67,317,712	89,251,962	88,337,362
Amounts due to subsidiaries	-	6,231,357	-	6,857
Amounts due to related parties	2,080,376	-	4,005,145	-
Tax payable	8,327,453	-	8,613,150	-
	191,005,802	74,843,941	235,193,937	90,216,375
Total liabilities	238,393,292	74,843,941	283,300,384	90,216,375
Net current assets	882,057,953	136,445,354	959,304,015	118,096,695
Total equity and liabilities	1,312,246,973	2,104,250,874	1,441,326,975	2,102,363,024

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-17	
Secured Group RM	Unsecured Group RM
886,206	67,317,712

As at 30-Jun-17	
Secured Group RM	Unsecured Group RM
914,600	88,337,362

Amount repayable after one year

As at 30-Sept-17	
Secured Group RM	Unsecured Group RM
1,401,645	-

As at 30-Jun-17	
Secured Group RM	Unsecured Group RM
1,645,395	-

Details of any collaterals

The secured facilities of the Group comprise hire purchases and leasing which are secured by certain property, plant and equipment and intangible assets of subsidiaries with a total net carrying value of RM2,181,072 and RM142,598 respectively as at 30 September 2017 (RM2,444,999 and RM153,477 respectively as at 30 June 2017). The freehold land pledged to secure the term loan and overdraft facilities of a subsidiary had been discharged in the previous financial year.

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-17	30-Sept-16
	RM	RM
Operating activities:		
Profit before tax	35,208,007	189,298,167
Adjustments for:		
Amortisation of intangible assets	3,856,092	3,601,169
Depreciation of property, plant and equipment	978,812	1,033,255
Write off of property, plant and equipment	2,755	32,840
Net gain on disposal of property, plant and equipment	-	(17,695)
Gain on redemption of available-for-sale financial assets - money market fund	(111,306)	(124,623)
Unrealised foreign currency exchange (gain)/loss	(4,921,831)	94,022
Impairment loss on financial assets - trade receivables	448,104	-
Reversal of impairment loss on trade receivables	(1,389)	-
Waiver of debts by previous owner of a subsidiary	(1,130,048)	-
Gain on disposal of shares in an associate	-	(143,738,447)
Allowance for unutilised leave	609,452	590,196
Allowance for defined benefit liabilities	311,521	212,919
Performance shares issued	1,081,029	1,081,029
Share of (profit)/loss of a joint venture and associates	(205,685)	2,076,725
Finance costs	464,497	296,541
Finance income	(1,564,759)	(348,258)
Dividend income from quoted equity investment	(208,825)	-
Operating cash flows before changes in working capital	34,816,426	54,087,840
Changes in working capital:		
Trade and other receivables	20,209,718	34,104,275
Amounts due from/to customers for contract work-in-progress	(545,569)	847,523
Amounts due from/to related parties	7,253,225	(13,564,515)
Trade and other payables	(17,355,209)	(12,006,184)
Cash flows from operations	44,378,591	63,468,939
Net uplift of deposit pledged	47,950	-
Income tax paid	(4,840,535)	(6,351,149)
Interest paid	(464,497)	(296,541)
Net cash flows from operating activities	39,121,509	56,821,249
Investing activities:		
Purchases of property, plant and equipment	(84,039)	(1,455,233)
Advances to a joint venture	-	(50,504)
Proceeds from disposal of property, plant and equipment	-	19,173
Proceeds from disposal of shares in an associate	-	161,369,719
Proceeds from redemption of available-for-sale financial assets - money market fund	16,381,293	15,780,556
Dividend income from quoted equity investment	208,825	-
Purchases of available-for-sale financial assets - money market fund	(16,270,000)	(15,740,000)
Interest received	1,448,759	336,991
Net placement of short-term deposits	(28,721,471)	-
Net cash flows (used in)/from investing activities	(27,036,633)	160,260,702
Financing activities:		
Dividends paid	(107,339,936)	-
Purchase of treasury shares	-	(17,471,812)
Proceeds from revolving credit	26,859,980	17,794,800
Repayment of obligations under finance lease	(238,215)	(200,116)
Repayment of revolving credit	(47,733,410)	(23,912,000)
Net cash flows used in financing activities	(128,451,581)	(23,789,128)
Net (decrease)/increase in cash and cash equivalents	(116,366,705)	193,292,823
Effects of exchange rate changes on cash and cash equivalents	(1,018,602)	8,633,768
Cash and cash equivalents at beginning of the period	420,279,291	224,714,029
Cash and cash equivalents at end of the period	302,893,984	426,640,620

	First quarter ended	
	30-Sept-17	30-Sept-16
	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	631,979,651	427,869,746
Less: Short-term deposits with licensed banks with maturity more than 3 months	(324,897,251)	-
Less: Pledged deposits	(4,188,416)	(1,229,126)
Cash and cash equivalents at end of the period	302,893,984	426,640,620

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 2017

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Available-for-sale reserve	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group													
As at 1-Jul-2017	191,040,654	232,217,438	(86,627,098)	61,959,697	466,828	21,819	10,163,890	(87,197,439)	(119,765,286)	955,660,890	1,157,941,393	85,198	1,158,026,591
Profit for the period	-	-	-	-	-	-	-	-	-	31,727,941	31,727,941	4,540	31,732,481
Other comprehensive loss for the period	-	-	-	(7,905,652)	-	-	-	(1,740,832)	-	-	(9,646,484)	-	(9,646,484)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	1,081,029	-	-	-	1,081,029	-	1,081,029
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(107,339,936)	(107,339,936)	-	(107,339,936)
As at 30-Sept-2017	191,040,654	232,217,438	(86,627,098)	54,054,045	466,828	21,819	11,244,919	(88,938,271)	(119,765,286)	880,048,895	1,073,763,943	89,738	1,073,853,681

	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Capital reserve	Statutory reserve	Performance share plan reserve	Available-for-sale reserve	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Company													
As at 1-Jul-2017	191,040,654	1,668,775,194	(86,627,098)	-	-	-	10,163,890	-	-	228,794,009	2,012,146,649	-	2,012,146,649
Profit for the period	-	-	-	-	-	-	-	-	-	123,519,191	123,519,191	-	123,519,191
Grant of shares under Performance Share Plan	-	-	-	-	-	-	1,081,029	-	-	-	1,081,029	-	1,081,029
Dividends on ordinary shares	-	-	-	-	-	-	-	-	-	(107,339,936)	(107,339,936)	-	(107,339,936)
As at 30-Sept-2017	191,040,654	1,668,775,194	(86,627,098)	-	-	-	11,244,919	-	-	244,973,264	2,029,406,933	-	2,029,406,933

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	Available-for-sale reserve	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	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	Available-for-sale reserve	Merger deficit	Retained profits	Total	Non-controlling interests	Total equity
	RM	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

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.

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-17	As at 30-Jun-17	As at 30-Sept-16
Total number of issued shares	2,696,472,800	2,696,472,800	2,696,472,800
Less: Treasury shares	(49,855,200)	(49,855,200)	(52,255,200)
Total number of issued shares excluding treasury shares	2,646,617,600	2,646,617,600	2,644,217,600

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-17	As at 30-Jun-17
Number of treasury shares at beginning of the year	49,855,200	42,899,100
Release of treasury shares pursuant to Performance Share Plan	-	(2,400,000)
Purchase of treasury shares	-	9,356,100
Number of treasury shares at end of the year	49,855,200	49,855,200

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 2017 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 2017 except that the Group has adopted the following new IFRS which became effective for the period beginning on or after 1 July 2017.

Amendments to IAS 7 Disclosure Initiative

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

Annual Improvements to IFRSs 2014 - 2016 Cycle: Amendments to IFRS 12 Disclosure of Interests in Other Entities

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
Annual Improvements to IFRSs 2014 - 2016 Cycle	
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards	1 January 2018
- Amendments to IAS 28 Investment in Associates and Joint Ventures	1 January 2018
Amendments to IFRS 2 Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to IAS 40 Transfers of Investment Property	1 January 2018
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
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-17	30-Sept-16
Based on the weighted average number of ordinary shares on issue ⁽¹⁾	Sen 1.20	Sen 6.37
Based on a fully diluted basis ⁽²⁾	1.20	6.37

⁽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 2017 of 2,646,617,600 (30 September 2016 of 2,645,215,673) 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-17		As at 30-Jun-17	
	Group Sen	Company Sen	Group Sen	Company Sen
Net asset value per ordinary share ⁽¹⁾	40.57	76.68	43.75	76.03

⁽¹⁾ Based on the issued share capital excluding treasury shares as at the end of the current financial year 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 2017 ("Q1 FY2018") vs First quarter ended 30 September 2016 ("Q1 FY2017")

Overview

Silverlake Axis Ltd (SAL) provides financial services technology to the Banking, Insurance, Payments, Retail and Logistics industries. Founded in 1989, SAL has built an impeccable track record of successful core banking implementations. 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 ("IT") by Asian financial institutions and corporations to improve their competitive edge, the Group continues to achieve steady growth in market share.

In Q1 FY2018, Group revenue decreased by 10% compared with the previous corresponding period and recorded a net profit attributable to shareholders of RM31.7 million or 81% lower than Q1 FY2017. Excluding the gain and tax expense associated with the disposal of shares in Global InfoTech Co. Ltd. ("GIT") in Q1 FY2017, net profit attributable to shareholders in Q1 FY2018 was 24% lower compared with RM41.6 million in Q1 FY2017.

Revenue

By Business Activities

	1-7-17 to 30-9-17	1-7-16 to 30-9-16	Change
	Group RM	Group RM	%
Revenue			
Software licensing	2,328,555	16,204,522	(86)
Software project services	5,360,122	10,680,992	(50)
Maintenance and enhancement services	94,392,395	88,368,583	7
Sale of software and hardware products	269,841	345,900	(22)
Credit and cards processing	4,463,634	4,391,527	2
Insurance processing	7,227,137	6,722,893	8
	114,041,684	126,714,417	(10)

For Q1 FY2018, Group revenue of RM114.0 million was 10% lower compared with Q1 FY2017. The decrease in Group revenue was due to lower contributions from project related revenue segments such as software licensing, software project services and sale of software and hardware products whereas the recurrent revenue segments, comprising maintenance and enhancement services and insurance processing, making up approximately 89% of Group revenue for the period, continued to grow at 7% and 8% respectively.

Revenue from software licensing declined by 86% from RM16.2 million in Q1 FY2017 to RM2.3 million in Q1 FY2018 mainly due to timing of contracts delivery in Q1 FY2018. Many of the contracts won in late FY2017, including the largest licensing contract amongst the three new Thailand projects, were in early stage of projects delivery.

Software project services revenue decreased to RM5.4 million compared with RM10.7 million in Q1 FY2017 due to the completion of contracts secured and implemented in Vietnam, Malaysia and Indonesia during FY2017 and lower progressive revenue recognised in Q1 FY2018 from ongoing implementation contracts secured from new and existing customers in Q4 FY2017. Further revenue recognition from project related revenue segments are expected to take place in the subsequent quarters with the progressive delivery of ongoing and new software licensing and implementation contracts secured from new and existing customers in late FY2017.

Revenue from maintenance and enhancement services of RM94.4 million in Q1 FY2018 was 7% higher compared with the previous corresponding period due to new enhancement contracts secured in Pakistan and Europe in Q1 FY2018 and higher progressive revenue recognised from maintenance and enhancement contracts secured from Ghana, Malaysia and Indonesia after the completion of software implementation contracts in the previous year.

Profitability

The Group recorded a gross profit of RM59.1 million in Q1 FY2018 compared with RM73.6 million in Q1 FY2017. The Group's gross profit margin of 52% in Q1 FY2018 was lower compared with 58% in Q1 FY2017 mainly due to the change in revenue mix, with a lower proportion of revenue recorded from higher margin project related revenue segments.

Finance income of RM1.6 million was significantly higher in Q1 FY2018 compared with RM0.3 million in Q1 FY2017 due to higher deposits placement with financial institutions.

Other Income was markedly lower in Q1 FY2018 compared with Q1 FY2017 mainly due to the gain on disposal of 4.5 million shares in GIT of RM143.7 million in Q1 FY2017, partially offset with higher unrealised foreign currency exchange gain from translation of bank balances and receivables denominated in foreign currencies in Q1 FY2018.

Compared with Q1 FY2017, selling and distribution expenses decreased from RM8.0 million to RM6.3 million in Q1 FY2018 due to lower expenses incurred for marketing and research activities in Q1 FY2018.

The administrative expenses of RM25.4 million in Q1 FY2018 was higher compared with RM20.2 million in Q1 FY2017 mainly due to higher realised foreign currency exchange loss from translation of loans, receivables and bank balances denominated in foreign currencies, higher professional fees incurred for the proposed acquisition of three Silverlake Private Entities ("SPEs") and other potential acquisition and the recognition of an impairment loss on trade receivables in Q1 FY2018.

The Group's share of profit of a joint venture and associates was RM0.2 million in Q1 FY2018 compared with share of loss of a joint venture and associates of RM2.1 million in Q1 FY2017. A joint venture, Silverlake HGH Limited ("SHGH"), has contributed higher profit in Q1 FY2018 compared with Q1 FY2017. No contribution was accounted for GIT in Q1 FY2018 following the cessation of GIT as the Group's associate effective 29 March 2017.

With lower Other Income and gross profit and an increase in administrative expenses, offset by higher finance income and share of profit of a joint venture and associates, the Group recorded a profit before tax of RM35.2 million in Q1 FY2018 compared with RM189.3 million in Q1 FY2017.

Income tax expense decreased from RM20.7 million in Q1 FY2017 to RM3.5 million in Q1 FY2018 and the effective tax rate decreased from 11% in Q1 FY2017 to 10% in Q1 FY2018. Higher income tax expense in Q1 FY2017 was due to the accruals of withholding tax on disposal of GIT shares. Excluding the gain and tax expense associated with the disposal of GIT shares, the effective tax rate increased from 9% in Q1 FY2017 to 10% in Q1 FY2018 mainly due to higher taxable income contributed by certain subsidiaries in Q1 FY2018 compared with Q1 FY2017.

The Group reported a profit after tax attributable to shareholders of RM31.7 million in Q1 FY2018 compared with RM168.6 million in Q1 FY2017.

(b) STATEMENTS OF FINANCIAL POSITION REVIEW

Intangible assets

The decrease in intangible assets from RM191.7 million as at 30 June 2017 to RM186.9 million as at 30 September 2017 was mainly due to the amortisation of intangible assets for Q1 FY2018 and lower foreign currency translation on intangibles attributable to the depreciation of United States Dollar and Singapore Dollar against Ringgit Malaysia in Q1 FY2018 compared with Q4 FY2017.

Trade and other receivables

Trade and other receivables decreased from RM144.6 million as at 30 June 2017 to RM122.7 million as at 30 September 2017 as a result of improved 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 Person Transactions and the Ancillary Transactions Mandate (collectively "Mandates"). These amounts fluctuate from quarter to quarter mainly due to the timing of billings and payments received.

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 2017 was RM11.9 million compared with RM11.3 million as at 30 June 2017 and this was mainly due to the timing of billings and revenue recognition for the contracts on hand.

Trade and other payables

Trade and other payables decreased from RM66.3 million as at 30 June 2017 to RM57.1 million as at 30 September 2017 mainly due to the offset of an amount overpaid by a customer in FY2017 against billings in Q1 FY2018 and payment made for professional fees in relation to the proposed acquisition of three SPEs.

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 RM57.0 million as at 30 June 2017 to RM47.9 million as at 30 September 2017 were due to the recognition of maintenance revenue following the performance of services in Q1 FY2018.

Total current and non-current loans and borrowings

Loans and borrowings decreased from RM90.9 million as at 30 June 2017 to RM69.6 million as at 30 September 2017 mainly due to the repayment of revolving credit during Q1 FY2018.

Cash and bank balances

Cash and bank balances decreased from RM720.7 million as at 30 June 2017 to RM632.0 million as at 30 September 2017 mainly due to cash outflow from financing activities of RM107.3 million for payment of dividends to shareholders and RM20.9 million for repayment of revolving credit, partially offset by net cash inflow from operating activities of RM39.1 million. The Group is progressively repatriating the sale proceeds from the disposal of GIT shares in FY2017 from China.

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.

Enquiries and requests for proposals from existing and potential customers for core IT replacements and digital banking upgrades have increased since early 2017. The Group remains active in engaging these enquiries and have responded to requests for proposals. As a result, a number of projects have been secured in the last 8 months. Based on the current order book for projects, the Group is expected to see an improvement in project related licensing and services revenue in the second half of FY2018.

The Group is continuing to repatriate from China the remaining proceeds amounting to about RM189.4 million (net of capital gain tax) from the sale of GIT shares in FY2017. Two special dividends have been declared from the sale proceeds. Subject to favourable market conditions, the Group could further monetise a portion of its remaining investment of 9.24% in GIT. The Group is constantly on a look out for suitable acquisitions to expand its portfolio of Fintech and Insuretech software products and services to address the growing demand for transformational digital banking and insurance offerings. In furthering this objective, the Group recently proposed the acquisition of three SPEs from its ultimate controlling shareholder to advance its Fintech transformation.

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 and Special
Dividend Type	Cash
Dividend Rate	Singapore cents 0.3 and 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 0.5 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 0.3 and special dividend of Singapore cents 0.5 per ordinary share. The interim and special dividends will be payable on 11 December 2017.

(d) Books closure date

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 27 November 2017 for the purpose of determining shareholders' entitlements to the proposed interim and special dividends. Duly completed transfers received by the Company's Share Transfer Agent, Boardroom Corporate & Advisory Services Pte Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m., on 24 November 2017 will be registered before entitlements to the dividends are determined.

Shareholders (being depositors) whose securities accounts with the Central Depository (Pte) Limited are credited with ordinary shares as at 5.00 p.m. on 24 November 2017 will be entitled to the proposed interim and special dividends.

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 2017 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)
	1-7-17 to 30-9-17	1-7-17 to 30-9-17
	RM	RM
Companies associated to Mr. Goh Peng Ooi ("Silverlake Entities")		
- New IPT Mandate ⁽¹⁾		
Revenue from Silverlake Entities	-	6,266,751
Service fees to Silverlake Entities	-	(10,518,417)
- Non-Mandate Transactions ⁽²⁾		
Revenue from Silverlake Entities	63,229	-

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

⁽²⁾ The Non-Mandate revenue was mainly revenue from provision of maintenance 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 2017 was as follows:

Name of related parties	Total Due RM	0-30 days RM	31-60 days RM	61-90 days RM	91-180 days RM	> 180 days RM
<u>Transactions conducted under the New IPT Mandate:</u> -						
Silverlake Entities ⁽¹⁾	4,248,905	3,888,802	360,103	-	-	-
<u>Non-Mandate Transactions</u>						
Silverlake Entities	76,997	-	76,997	-	-	-
<u>Non-Trade Transactions</u>						
Silverlake Entities	107,372	107,372	-	-	-	-
Grand Total	4,433,274	3,996,174	437,100	-	-	-

(Note 2)

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

⁽²⁾ As at 10 November 2017, the amounts due from Silverlake Entities between 31-60 days have been fully collected.

19. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to their attention which may render the unaudited financial statements for the financial period ended 30 September 2017 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

10 November 2017