

**SILVERLAKE AXIS LTD**

**Second Quarter Financial Statements And Dividend Announcement For The Financial Period Ended 31 December 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 half year period and second quarter ended 31 December 2016

	Half year period ended 31 December			Second quarter ended 31 December		
	2016	2015	Change	2016	2015	Change
	RM	RM	%	RM	RM	%
Revenue	254,547,516	313,055,962	(19)	126,705,355	178,970,044	(29)
Cost of sales	(104,189,850)	(128,137,465)	(19)	(50,736,991)	(74,539,460)	(32)
<b>Gross profit</b>	<b>150,357,666</b>	<b>184,918,497</b>	(19)	<b>75,968,364</b>	<b>104,430,584</b>	(27)
<b>Other items of income</b>						
Finance income	870,571	1,437,245	(39)	518,109	528,099	(2)
Other income	393,780,932	12,589,031	>100	243,540,968	4,012,452	>100
<b>Other items of expenses</b>						
Selling and distribution costs	(15,156,993)	(11,470,305)	32	(7,106,009)	(8,302,447)	(14)
Administrative expenses	(65,239,229)	(36,330,843)	80	(40,475,461)	(25,998,302)	56
Finance costs	(608,791)	(517,660)	18	(312,106)	(200,493)	56
Share of profit of associates and a joint venture	921,677	1,572,597	(41)	2,998,402	607,116	>100
<b>Profit before tax</b>	<b>464,925,833</b>	<b>152,198,562</b>	>100	<b>275,132,267</b>	<b>75,077,009</b>	>100
Income tax expense	(50,036,190)	(16,999,530)	>100	(28,818,915)	(8,500,758)	>100
<b>Profit for the period</b>	<b>414,889,643</b>	<b>135,199,032</b>	>100	<b>246,313,352</b>	<b>66,576,251</b>	>100
<b>Profit for the period attributable to:</b>						
Owners of the parent	414,891,453	135,192,406	>100	246,314,173	66,575,458	>100
Non-controlling interests	(1,810)	6,626	>100	(821)	793	>100
	<b>414,889,643</b>	<b>135,199,032</b>	>100	<b>246,313,352</b>	<b>66,576,251</b>	>100
<b>Earnings per share attributable to the owners of the parent:</b>						
- Basic (sen)	<b>15.69</b>	<b>5.09</b>	>100	<b>9.31</b>	<b>2.50</b>	>100
- Diluted (sen)	<b>15.67</b>	<b>5.08</b>	>100	<b>9.31</b>	<b>2.50</b>	>100

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the half year period and second quarter ended 31 December 2016

	Half year period ended 31 December			Second quarter ended 31 December		
	2016	2015	Change	2016	2015	Change
	RM	RM	%	RM	RM	%
<b>Profit for the period</b>	<b>414,889,643</b>	<b>135,199,032</b>	>100	<b>246,313,352</b>	<b>66,576,251</b>	>100
<b>Other comprehensive income:</b>						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation gain/(loss) *	53,751,948	19,865,247	>100	43,762,822	(4,285,885)	>100
Share of other comprehensive (loss)/gain of a joint venture	(25,619)	-	N/M	1,422	-	N/M
	53,726,329	19,865,247	>100	43,764,244	(4,285,885)	>100
Item that will not be reclassified to profit or loss:						
Actuarial gain on defined benefit plans	-	2,436	(100)	-	-	N/M
	-	2,436	(100)	-	-	N/M
Other comprehensive income/(loss) for the period, net of tax	53,726,329	19,867,683	>100	43,764,244	(4,285,885)	>100
<b>Total comprehensive income for the period</b>	<b>468,615,972</b>	<b>155,066,715</b>	>100	<b>290,077,596</b>	<b>62,290,366</b>	>100
<b>Total comprehensive income for the period attributable to:</b>						
Owners of the parent	468,617,782	155,060,089	>100	290,078,417	62,289,573	>100
Non-controlling interests	(1,810)	6,626	>100	(821)	793	>100
	<b>468,615,972</b>	<b>155,066,715</b>	>100	<b>290,077,596</b>	<b>62,290,366</b>	>100

N/M = Not Meaningful

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

**1(a)(ii) Notes to the statement of comprehensive income:**  
**Profit before tax is arrived at after (charging)/crediting:**

	Half year period ended 31 December			Second quarter ended 31 December		
	2016	2015	Change	2016	2015	Change
	RM	RM	%	RM	RM	%
Amortisation of intangible assets	(7,468,962)	(8,830,780)	(15)	(3,818,803)	(6,011,051)	(36)
Depreciation of property, plant and equipment	(1,816,135)	(1,359,490)	34	(775,840)	(894,977)	(13)
Write off of property, plant and equipment	(220,638)	(779)	>100	(187,475)	(641)	>100
Reversal of impairment loss on trade receivables	-	767,646	(100)	-	767,646	(100)
Net foreign currency exchange gain**/(loss)*:						
- realised	2,214,866	1,984,207	12	312,387	2,676,677	(88)
- unrealised	(18,193,338)	8,613,035	>100	(18,087,352)	(4,876,947)	>100
Adjustments for over provision of tax in respect of prior years	81,074	76,247	6	81,074	7,820	>100
Net gain on disposal of property, plant and equipment **	90,011	48,000	88	72,317	-	N/M
Gain on redemption of available-for-sale financial assets - money market fund **	226,658	706,888	(68)	102,035	251,531	(59)
Gain on disposal of shares in an associate **	372,076,419	-	N/M	223,948,160	-	N/M
Loss on dilution of interest in an associate arising from issuance of new shares pursuant to employee shares incentive plan *	(248,641)	-	N/M	(248,641)	-	N/M
Gain on dilution of interest in an associate arising from issuance of new shares as part consideration for its acquisition of a subsidiary and private placements **	18,798,722	-	N/M	18,798,722	-	N/M
Performance shares issued	(9,528,138)	(5,212,658)	83	(8,447,109)	(2,606,329)	>100
(Allowance for)/Reversal of unutilised leave	(5,107)	(178,134)	(97)	586,883	390,925	50
Allowance for defined benefit liabilities	(436,282)	(548,024)	(20)	(218,141)	(342,405)	(36)

\* Included in other operating expenses

\*\* Included in other operating income

N/M = Not Meaningful

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**STATEMENTS OF FINANCIAL POSITION**

	As at 31-Dec-16		As at 30-Jun-16	
	Group RM	Company RM	Group RM	Company RM
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	18,267,575	-	16,321,337	-
Intangible assets	197,071,083	-	195,875,204	-
Investments in subsidiaries	-	1,894,873,593	-	1,894,873,593
Investments in associates	84,999,059	482,400	106,380,900	482,400
Interest in a joint venture	36,117,453	36,502,499	31,611,357	33,346,002
Deferred tax assets	5,886,182	-	5,790,275	-
	<b>342,341,352</b>	<b>1,931,858,492</b>	<b>355,979,073</b>	<b>1,928,701,995</b>
<b>Current assets</b>				
Amounts due from customers for contract work-in-progress	11,677,272	-	16,916,828	-
Trade and other receivables	140,891,590	315	177,845,034	61
Advance maintenance costs	3,452,673	-	2,729,534	-
Prepayments	3,932,588	138,915	4,221,916	45,810
Dividend receivable	-	79,905,632	-	24,315,200
Amount due from a subsidiary	-	5,289	-	34,902
Amounts due from related parties	28,924,741	-	43,327,704	-
Loan to a subsidiary	-	12,613,345	-	9,424,643
Tax recoverable	2,393,038	-	1,670,392	-
Available-for-sale financial assets - money market fund	4,385,019	-	4,729,521	-
Cash and bank balances	658,391,029	7,099,140	225,942,723	38,754,126
	<b>854,047,950</b>	<b>99,762,636</b>	<b>477,383,652</b>	<b>72,574,742</b>
<b>Total assets</b>	<b>1,196,389,302</b>	<b>2,031,621,128</b>	<b>833,362,725</b>	<b>2,001,276,737</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
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	79,304,760	-	25,578,431	-
Capital reserve	466,828	-	466,828	-
Statutory reserve	21,819	-	21,819	-
Performance share plan reserve	15,367,912	15,367,912	5,839,774	5,839,774
Merger deficit	(119,765,286)	-	(119,765,286)	-
Retained profits	639,719,276	151,038,134	345,766,416	138,129,289
<b>Equity attributable to owners of the parent</b>	<b>944,380,223</b>	<b>1,932,228,716</b>	<b>602,528,771</b>	<b>1,925,147,608</b>
Non-controlling interests	78,386	-	80,196	-
<b>Total equity</b>	<b>944,458,609</b>	<b>1,932,228,716</b>	<b>602,608,967</b>	<b>1,925,147,608</b>

**STATEMENTS OF FINANCIAL POSITION (Cont'd)**

	As at 31-Dec-16		As at 30-Jun-16	
	Group RM	Company RM	Group RM	Company RM
<b>Non-current liabilities</b>				
Loans and borrowings	1,065,756	-	1,423,891	-
Deferred tax liabilities	19,422,182	-	18,133,849	-
Provision for defined benefit liabilities	8,759,181	-	7,793,902	-
	29,247,119	-	27,351,642	-
<b>Current liabilities</b>				
Amounts due to customers for contract work-in-progress	12,002,662	-	8,170,674	-
Trade and other payables	51,777,063	1,241,616	49,355,794	3,759,359
Provision for defined benefit liabilities	403,668	-	373,822	-
Advance maintenance fees	32,532,113	-	55,772,126	-
Loans and borrowings	72,422,084	71,660,560	73,049,433	72,239,600
Amounts due to subsidiaries	-	26,405,178	-	17,888
Amounts due to related parties	2,723,346	-	5,926,194	-
Income tax payable	50,822,638	85,058	10,754,073	112,282
	222,683,574	99,392,412	203,402,116	76,129,129
<b>Total liabilities</b>	<b>251,930,693</b>	<b>99,392,412</b>	<b>230,753,758</b>	<b>76,129,129</b>
<b>Net current assets/(liabilities)</b>	<b>631,364,376</b>	<b>370,224</b>	<b>273,981,536</b>	<b>(3,554,387)</b>
<b>Total equity and liabilities</b>	<b>1,196,389,302</b>	<b>2,031,621,128</b>	<b>833,362,725</b>	<b>2,001,276,737</b>

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

**Amount repayable in one year or less, or on demand**

As at 31-Dec-16	
Secured Group RM	Unsecured Group RM
761,524	71,660,560

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

**Amount repayable after one year**

As at 31-Dec-16	
Secured Group RM	Unsecured Group RM
1,065,756	-

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 RM1,882,985 as at 31 December 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 1H 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**

	Half year period ended		Second quarter ended	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	RM	RM	RM	RM
<b>Operating activities:</b>				
Profit before tax	464,925,833	152,198,562	275,132,267	75,077,009
Adjustments for:				
Amortisation of intangible assets	7,468,962	8,830,780	3,818,803	6,011,051
Depreciation of property, plant and equipment	1,816,135	1,359,490	775,840	894,977
Write off of property, plant and equipment	220,638	779	187,475	641
Net gain on disposal of property, plant and equipment	(90,011)	(48,000)	(72,317)	-
Gain on redemption of available-for-sale financial assets - money market fund	(226,658)	(706,888)	(102,035)	(251,531)
Unrealised foreign currency exchange loss/(gain)	18,193,338	(8,613,035)	18,087,352	4,876,947
Reversal of impairment loss on trade receivables	-	(767,646)	-	(767,646)
Gain on disposal of shares in an associate	(372,076,419)	-	(223,948,160)	-
Allowance for/(Reversal of) unutilised leave	5,107	178,134	(586,883)	(390,925)
Allowance for defined benefit liabilities	436,282	548,024	218,141	342,405
Performance shares issued	9,528,138	5,212,658	8,447,109	2,606,329
Share of profit of associates and a joint venture	(921,677)	(1,572,597)	(2,998,402)	(607,116)
Loss on dilution of interest in an associate arising from issuance of new shares pursuant to employee shares incentive plan	248,641	-	248,641	-
Gain on dilution of interest in an associate arising from issuance of new shares as part consideration for its acquisition of a subsidiary and private placements	(18,798,722)	-	(18,798,722)	-
Finance costs	608,791	517,660	312,106	200,493
Finance income	(870,571)	(1,437,245)	(518,109)	(528,099)
<b>Operating cash flows before changes in working capital</b>	<b>110,467,807</b>	<b>155,700,676</b>	<b>60,203,106</b>	<b>87,464,535</b>
<b>Changes in working capital:</b>				
Trade and other receivables	41,818,413	(65,258,141)	7,714,137	(38,387,698)
Amounts due from/to customers for contract work-in-progress	7,762,844	(10,106,802)	6,915,321	(9,875,527)
Amounts due from/to related parties	12,701,352	19,311,555	26,265,867	(4,521,035)
Trade and other payables	(22,338,439)	27,227,019	(10,332,255)	24,130,628
<b>Cash flows from operations</b>	<b>150,411,977</b>	<b>126,874,307</b>	<b>90,766,176</b>	<b>58,810,903</b>
Net placement of deposit pledged	(896,800)	-	(896,800)	-
Income tax paid	(13,448,605)	(17,945,838)	(7,097,456)	(10,365,661)
Interest paid	(608,791)	(200,394)	(312,106)	(181,278)
<b>Net cash flows from operating activities</b>	<b>135,457,781</b>	<b>108,728,075</b>	<b>82,459,814</b>	<b>48,263,964</b>
<b>Investing activities:</b>				
Purchases of property, plant and equipment	(3,793,480)	(1,394,725)	(2,338,247)	(1,100,316)
Payments for software development expenditure	(175,479)	-	(175,479)	-
Payments for other intangible assets	(340,955)	(1,408,362)	(340,955)	(1,011,052)
Acquisition of subsidiaries, net of cash acquired	-	(33,425,274)	-	(33,425,274)
Advances to a joint venture	(68,058)	(176,656)	(17,554)	(29,829)
Proceeds from disposal of property, plant and equipment	134,527	48,000	115,354	-
Proceeds from disposal of shares in an associate	411,487,828	-	250,118,109	-
Proceeds from redemption of available-for-sale financial assets - money market fund	32,501,658	79,646,888	16,721,102	18,951,531
Purchases of available-for-sale financial assets - money market fund	(31,930,498)	(74,254,317)	(16,190,498)	(20,714,317)
Interest received	870,318	1,638,898	529,123	525,729
Placement of short-term deposits	-	(11,065,627)	-	(12,467,277)
<b>Net cash flows from/(used in) investing activities</b>	<b>408,685,861</b>	<b>(40,391,175)</b>	<b>248,420,955</b>	<b>(49,270,805)</b>
<b>Financing activities:</b>				
Dividends paid	(120,938,593)	(146,468,953)	(120,938,593)	(146,468,953)
Purchase of treasury shares	(17,471,812)	(45,773,901)	-	(22,304,493)
Proceeds from revolving credit	21,415,560	52,680,000	3,620,760	52,680,000
Repayment of revolving credit	(27,939,300)	(52,680,000)	(4,027,300)	(52,680,000)
Repayment of obligations under finance lease	(405,313)	(452,731)	(205,197)	(223,889)
<b>Net cash flows used in financing activities</b>	<b>(145,339,458)</b>	<b>(192,695,585)</b>	<b>(121,550,330)</b>	<b>(168,997,335)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>398,804,184</b>	<b>(124,358,685)</b>	<b>209,330,439</b>	<b>(170,004,176)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>32,746,232</b>	<b>17,356,348</b>	<b>20,293,386</b>	<b>(3,422,790)</b>
<b>Cash and cash equivalents at beginning of the financial period</b>	<b>224,714,029</b>	<b>315,572,913</b>	<b>426,640,620</b>	<b>381,997,542</b>
<b>Cash and cash equivalents at end of the financial period</b>	<b>656,264,445</b>	<b>208,570,576</b>	<b>656,264,445</b>	<b>208,570,576</b>

	Half year period ended		Second quarter ended	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	RM	RM	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	658,391,029	224,579,722	658,391,029	224,579,722
Less: Short-term deposits with licensed banks with maturity more than 3 months	-	(14,780,000)	-	(14,780,000)
Less: Pledged deposits	(2,126,584)	(1,229,146)	(2,126,584)	(1,229,146)
<b>Cash and cash equivalents at end of the financial period</b>	<b>656,264,445</b>	<b>208,570,576</b>	<b>656,264,445</b>	<b>208,570,576</b>

**1(d)(i) Statements (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Changes in Equity for the half year period ended 31 December 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
<b>Group</b>												
<b>As at 1-Jul-2016</b>	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	-	-	-	-	-	-	-	-	414,891,453	414,891,453	(1,810)	414,889,643
Other comprehensive income for the period	-	-	-	53,726,329	-	-	-	-	-	53,726,329	-	53,726,329
Purchase of treasury shares	-	-	(15,355,875)	-	-	-	-	-	-	(15,355,875)	-	(15,355,875)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	9,528,138	-	-	9,528,138	-	9,528,138
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(120,938,593)	(120,938,593)	-	(120,938,593)
<b>As at 31-Dec-2016</b>	191,040,654	229,022,558	(90,798,298)	79,304,760	466,828	21,819	15,367,912	(119,765,286)	639,719,276	944,380,223	78,386	944,458,609

	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
<b>Company</b>												
<b>As at 1-Jul-2016</b>	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	-	-	-	-	-	-	-	-	133,847,438	133,847,438	-	133,847,438
Purchase of treasury shares	-	-	(15,355,875)	-	-	-	-	-	-	(15,355,875)	-	(15,355,875)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	9,528,138	-	-	9,528,138	-	9,528,138
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(120,938,593)	(120,938,593)	-	(120,938,593)
<b>As at 31-Dec-2016</b>	191,040,654	1,665,580,314	(90,798,298)	-	-	-	15,367,912	-	151,038,134	1,932,228,716	-	1,932,228,716

**Consolidated Statement of Changes in Equity for the half year period ended 31 December 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
<b>Group</b>												
<b>As at 1-Jul-2015</b>	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	-	-	-	-	-	-	-	-	135,192,406	135,192,406	6,626	135,199,032
Other comprehensive income for the period	-	-	-	19,865,247	-	-	-	-	2,436	19,867,683	-	19,867,683
Issuance of bonus shares	33,557,495	(33,557,495)	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(45,773,901)	-	-	-	-	-	-	(45,773,901)	-	(45,773,901)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	5,212,658	-	-	5,212,658	-	5,212,658
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(146,468,953)	(146,468,953)	-	(146,468,953)
<b>As at 31-Dec-2015</b>	191,040,654	225,711,878	(53,700,532)	36,354,466	466,828	21,819	10,425,316	(119,765,286)	316,821,081	607,376,224	78,003	607,454,227

	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
<b>Company</b>												
<b>As at 1-Jul-2015</b>	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	-	-	-	-	-	-	-	-	151,260,089	151,260,089	-	151,260,089
Issuance of bonus shares	33,557,495	(33,557,495)	-	-	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(45,773,901)	-	-	-	-	-	-	(45,773,901)	-	(45,773,901)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	5,212,658	-	-	5,212,658	-	5,212,658
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(146,468,953)	(146,468,953)	-	(146,468,953)
<b>As at 31-Dec-2015</b>	191,040,654	1,662,269,634	(53,700,532)	-	-	-	10,425,316	-	99,114,378	1,909,149,450	-	1,909,149,450

**Consolidated Statement of Changes in Equity for the second quarter ended 31 December 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
<b>Group</b>												
<b>As at 1-Oct-2016</b>	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
Profit for the period	-	-	-	-	-	-	-	-	246,314,173	246,314,173	(821)	246,313,352
Other comprehensive income for the period	-	-	-	43,764,244	-	-	-	-	-	43,764,244	-	43,764,244
Grant of shares under Performance Share Plan	-	-	-	-	-	-	8,447,109	-	-	8,447,109	-	8,447,109
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(120,938,593)	(120,938,593)	-	(120,938,593)
<b>As at 31-Dec-2016</b>	191,040,654	229,022,558	(90,798,298)	79,304,760	466,828	21,819	15,367,912	(119,765,286)	639,719,276	944,380,223	78,386	944,458,609

	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
<b>Company</b>												
<b>As at 1-Oct-2016</b>	191,040,654	1,665,580,314	(90,798,298)	-	-	-	6,920,803	-	171,126,011	1,943,869,484	-	1,943,869,484
Profit for the period	-	-	-	-	-	-	-	-	100,850,716	100,850,716	-	100,850,716
Grant of shares under Performance Share Plan	-	-	-	-	-	-	8,447,109	-	-	8,447,109	-	8,447,109
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(120,938,593)	(120,938,593)	-	(120,938,593)
<b>As at 31-Dec-2016</b>	191,040,654	1,665,580,314	(90,798,298)	-	-	-	15,367,912	-	151,038,134	1,932,228,716	-	1,932,228,716

**Consolidated Statement of Changes in Equity for the second quarter ended 31 December 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
<b>Group</b>												
<b>As at 1-Oct-2015</b>	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
Profit for the period	-	-	-	-	-	-	-	-	66,575,458	66,575,458	793	66,576,251
Other comprehensive loss for the period	-	-	-	(4,285,885)	-	-	-	-	-	(4,285,885)	-	(4,285,885)
Purchase of treasury shares	-	-	(22,304,493)	-	-	-	-	-	-	(22,304,493)	-	(22,304,493)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	2,606,329	-	-	2,606,329	-	2,606,329
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(146,468,953)	(146,468,953)	-	(146,468,953)
<b>As at 31-Dec-2015</b>	191,040,654	225,711,878	(53,700,532)	36,354,466	466,828	21,819	10,425,316	(119,765,286)	316,821,081	607,376,224	78,003	607,454,227

	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
<b>Company</b>												
<b>As at 1-Oct-2015</b>	191,040,654	1,662,269,634	(31,396,039)	-	-	-	7,818,987	-	105,703,100	1,935,436,336	-	1,935,436,336
Profit for the period	-	-	-	-	-	-	-	-	139,880,231	139,880,231	-	139,880,231
Purchase of treasury shares	-	-	(22,304,493)	-	-	-	-	-	-	(22,304,493)	-	(22,304,493)
Grant of shares under Performance Share Plan	-	-	-	-	-	-	2,606,329	-	-	2,606,329	-	2,606,329
Dividends on ordinary shares	-	-	-	-	-	-	-	-	(146,468,953)	(146,468,953)	-	(146,468,953)
<b>As at 31-Dec-2015</b>	191,040,654	1,662,269,634	(53,700,532)	-	-	-	10,425,316	-	99,114,378	1,909,149,450	-	1,909,149,450

**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 31 December 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 31-Dec-16	As at 30-Jun-16	As at 31-Dec-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)	(30,560,700)
Total number of issued shares excluding treasury shares	2,644,217,600	2,653,573,700	2,665,912,100

**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 31-Dec-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		Group	
	Half year period ended		Second quarter ended	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	Sen	Sen	Sen	Sen
Based on the weighted average number of ordinary shares on issue <sup>(1)</sup>	15.69	5.09	9.31	2.50
Based on a fully diluted basis <sup>(2)</sup>	15.67	5.08	9.31	2.50

<sup>(1)</sup> The weighted average number of ordinary shares on issue has taken into account the weighted average effect of changes in ordinary shares and treasury shares transactions during the financial period ended 31 December 2016 of 2,644,716,636 (31 December 2015 of 2,658,455,498) of USD0.02 each.

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

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year.

	As at 31-Dec-16		As at 30-Jun-16	
	Group Sen	Company Sen	Group Sen	Company Sen
Net asset value per ordinary share <sup>(1)</sup>	35.71	73.07	22.71	72.55

<sup>(1)</sup> 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)(i) INCOME STATEMENT REVIEW – Second quarter ended 31 December 2016 ("Q2 FY2017") vs Second quarter ended 31 December 2015 ("Q2 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 Q2 FY2017, Group revenue decreased by 29% compared with the previous corresponding period and achieved a net profit attributable to shareholders of RM246.3 million.

**Revenue**

**By Business Activities**

	1-10-16 to 31-12-16	1-10-15 to 31-12-15	Change
	Group RM	Group RM	%
<b>Revenue</b>			
Software licensing	2,813,040	28,927,269	(90)
Software project services	6,478,941	36,063,573	(82)
Maintenance and enhancement services	103,453,201	92,737,037	12
Sale of software and hardware products	1,515,540	9,375,445	(84)
Credit and cards processing	4,963,192	5,605,019	(11)
Insurance processing	7,481,441	6,261,701	19
	126,705,355	178,970,044	(29)

For Q2 FY2017, Group revenue of RM126.7 million was 29% lower compared with Q2 FY2016. 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 maintenance and enhancement services and insurance processing, the recurrent revenue segments, making up approximately 88% of Group revenue for the quarter continued to grow.

Software project services revenue was lower compared with the previous corresponding period due to the deferment and slowdown of customers' capital expenditures and the completion of significantly higher value contracts secured in China, Indonesia and Brunei in FY2016. This was partially offset by progressive revenue recognition in Q2 FY2017 from ongoing implementation contracts and smaller new contracts secured from existing customers.



Revenue from software licensing was lower compared with Q2 FY2016 due to reduced capital expenditure by customers and lower value software licensing contracts delivered in Q2 FY2017 compared with the significantly higher value software licensing contracts implemented in China, Malaysia, Indonesia and Brunei in Q2 FY2016. Lower revenue was recorded from the sale of software and hardware products in Q2 FY2017 compared with a large sale of hardware product related to software implementation services contract in Brunei and one major hardware upgrade by a customer in Malaysia in Q2 FY2016.

Revenue from maintenance and enhancement services recorded a 12% growth to RM103.5 million in Q2 FY2017 with more maintenance and enhancement contracts secured from the customers in Ghana, Singapore and Malaysia following the completion of their software implementation contracts.

With new customers secured in Malaysia, Singapore and Indonesia as well as the appreciation of Indonesia Rupiah ("IDR") and Singapore Dollar ("SGD") against Ringgit Malaysia ("RM"), the recurrent revenue base of insurance processing was 19% higher in Q2 FY2017 compared with Q2 FY2016. Revenue contribution from credit and cards processing of RM5.0 million in Q2 FY2017 was 11% lower compared with the previous corresponding period due to lesser enhancement contracts from a major customer.

#### **Profitability**

The Group recorded a gross profit of RM76.0 million in Q2 FY2017. The Group's gross profit margin of 60% in Q2 FY2017 was higher compared with 58% in Q2 FY2016 mainly due to the change in revenue mix, with a higher proportion of revenue recorded from higher margin maintenance and enhancement services in Q2 FY2017.

Other income was significantly higher compared with Q2 FY2016 mainly due to the gain of RM223.9 million on disposal of 18.0 million shares in an associate, Global InfoTech Co. Ltd. ("GIT") in Q2 FY2017 following the expiry of the Moratorium Period for GIT shares after their listing on ChiNext of the Shenzhen Stock Exchange ("ChiNext"). The recognition of an accounting gain of RM18.8 million on dilution of interest in GIT, following the issuance of new shares as part consideration for its acquisition of 100% equity interest in Shanghai RuiMin Internet Technology Co. Ltd. ("RuiMin") and for private placements has also contributed to the increase in other income. This was partially offset by lower realised foreign currency exchange gains on receivables due to the depreciation of SGD against United States Dollar ("USD") in Q2 FY2017 and the reversal of impairment loss on trade receivables in Q2 FY2016.

The selling and distribution expenses decreased from RM8.3 million in Q2 FY2016 to RM7.1 million in Q2 FY2017 due to lower expenses incurred for marketing and research activities in Q2 FY2017.

Compared with Q2 FY2016, administrative expenses increased from RM26.0 million to RM40.5 million in Q2 FY2017 due to higher unrealised foreign currency exchange loss at RM18.1 million arising from the translation of bank balances, loans and receivables denominated in foreign currencies, higher charge on share awards granted pursuant to the Silverlake Axis Ltd Performance Share Plan ("PSP") and increase in staff related costs. The increase was partially offset by the non-recurring professional fees incurred for a special independent review on interested person transactions in Q2 FY2016.

The Group's share of profit of associates and a joint venture was RM3.0 million in Q2 FY2017 compared with RM0.6 million in Q2 FY2016 due to higher contribution from a joint venture, Silverlake HGH Limited ("SHGH") in Q2 FY2017, partially offset by lower profit contribution and lower share of profit from GIT in Q2 FY2017.

With the gain on disposal of shares in an associate offset by lower gross profit and the increase in administrative expenses, the Group recorded a profit before tax of RM275.1 million in Q2 FY2017.

Income tax expense increased from RM8.5 million in Q2 FY2016 to RM28.8 million in Q2 FY2017 mainly due to the accruals of withholding tax on the disposal of shares in an associate but the effective tax rate decreased from 11% in Q2 FY2016 to 10% in Q2 FY2017. Excluding the gain and tax expense associated with the disposal of GIT shares, the effective tax rate remained unchanged at 11% in Q2 FY2017.

With the gain of RM223.9 million on disposal of 18.0 million shares in GIT, the Group reported a profit after tax attributable to shareholders of RM246.3 million in Q2 FY2017.

#### **(a)(ii) INCOME STATEMENT REVIEW – Half year period ended 31 December 2016 ("1H FY2017") vs Half year period ended 31 December 2015 ("1H FY2016")**

##### **Overview**

In 1H FY2017, Group revenue decreased by 19% compared with the previous corresponding financial period and achieved a net profit attributable to shareholders of RM414.9 million.

##### **Revenue**

###### **By Business Activities**

	1-7-16 to 31-12-16 Group RM	1-7-15 to 31-12-15 Group RM	Change %
<b>Revenue</b>			
Software licensing	19,404,791	52,066,109	(63)
Software project services	17,173,030	63,264,206	(73)
Maintenance and enhancement services	192,464,745	163,092,305	18
Sale of software and hardware products	1,861,440	12,912,023	(86)
Credit and cards processing	9,388,328	9,721,862	(3)
Insurance processing	14,255,182	11,999,457	19
	254,547,516	313,055,962	(19)

For 1H FY2017, Group revenue of RM254.5 million was 19% lower compared with 1H FY2016. The decrease in Group revenue was due to lower contributions from project related revenue segments whereas revenue growth continued for maintenance and enhancement services and insurance processing.

Software project services revenue decreased significantly to RM17.2 million compared with 1H FY2016 due to the deferment and slowdown of customers' capital expenditures and the completion of higher value contracts secured and implemented in China, Indonesia and Brunei during 1H FY2016. This was partially offset by progressive revenue recognition from ongoing implementation contracts, smaller new contracts secured from existing customers and the consolidation of Silverlake Symmetri (Singapore) Pte. Ltd.'s ("Symmetri Group") projects on hand for two quarters in 1H FY2017 compared with one quarter in 1H FY2016 following its acquisition on 1 October 2015.

Revenue from software licensing was lower compared with 1H FY2016 due to significantly lower value software licensing contracts delivered in 1H FY2017, partly attributable to reduced capital expenditure spending by customers in 1H FY2017. Higher value software licensing contracts were implemented in China, Malaysia, Indonesia and Brunei in 1H FY2016. 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 1H FY2017 compared with two major hardware upgrades by customers in Malaysia and one large sale of hardware product related to software implementation services contract in Brunei in 1H FY2016.

Revenue from maintenance and enhancement services increased 18% to RM192.5 million in 1H FY2017 with the consolidation of Symmetri Group's two quarters of maintenance and enhancement revenue in 1H FY2017 compared to one quarter in 1H FY2016, as well as more maintenance and enhancement contracts secured from customers in Malaysia, Singapore, Ghana and Thailand after the completion of software implementation contracts.

Following the expansion of business activities into Thailand and Vietnam as well as winning new customers in Malaysia, Singapore and Indonesia coupled with the appreciation of IDR and SGD against RM, the recurrent revenue base of insurance processing was 19% higher in 1H FY2017 compared with 1H FY2016.

### **Profitability**

The Group recorded a gross profit of RM150.4 million in 1H FY2017 and achieved a gross profit margin of 59% in 1H FY2017 and 1H FY2016.

Other income was significantly higher in 1H FY2017 compared with 1H FY2016. The gain of RM372.1 million on disposal of 22.5 million shares in GIT in 1H FY2017 following the expiry of the Moratorium Period for GIT shares after their listing on ChiNext and the recognition of an accounting gain of RM18.8 million on dilution of interest in GIT, following the issuance of new shares as part consideration for its acquisition of 100% equity interest in RuiMin and for private placements were the main contributors to the increase in other income. This was partially offset by lower fluctuation in SGD and USD on bank balances and receivables as well as depreciation of JPY on loan to a subsidiary against RM in 1H FY2017 compared to 1H FY2016, resulting in unrealised foreign currency exchange loss in 1H FY2017 compared with unrealised foreign currency exchange gain in 1H FY2016.

The selling and distribution expenses increased from RM11.5 million in 1H FY2016 to RM15.2 million in 1H FY2017 due to additional expenses from the consolidation of Symmetri Group's two quarters results in 1H FY2017 compared to one quarter in 1H FY2016 and higher expenses incurred for marketing and research activities in 1H FY2017.

Compared with 1H FY2016, administrative expenses increased by 80% from RM36.3 million to RM65.2 million in 1H FY2017 due to unrealised foreign currency exchange loss of RM18.2 million arising from translation of bank balances, loans and receivables denominated in foreign currencies, additional expenses from the consolidation of Symmetri Group's results for two quarters, higher charge on share awards granted pursuant to PSP in 1H FY2017 and an accounting loss on dilution of interest in GIT following the issuance of new shares pursuant to its employee shares incentive plan in November 2016. This was partially offset by the non-recurring professional fees incurred for special independent review on interested person transactions and acquisitions in 1H FY2016.

The Group's share of profit of associates and a joint venture was RM0.9 million in 1H FY2017 compared with RM1.6 million in 1H FY2016. The contribution and share of profit of GIT were lower in 1H FY2017 due to the reduced shareholding in GIT from 20.25% as at 31 December 2015 to 11.92% as at 31 December 2016. The decrease in profit sharing was partially offset by higher profit contribution from SHGH in 1H FY2017.

With gain on disposal of shares in an associate offset by an increase in selling and administrative expenses, the Group recorded a profit before tax of RM464.9 million in 1H FY2017.

Income tax expense increased from RM17.0 million in 1H FY2016 to RM50.0 million in 1H FY2017 mainly due to the accruals of withholding tax on the disposal of shares in an associate. The effective tax rate remained constant at 11% in 1H FY2017 and 1H FY2016. Excluding the gain and tax expense associated with disposal of GIT shares, the effective tax rate decreased from 11% in 1H FY2016 to 10% in 1H FY2017 due to lower withholding tax on some overseas revenue and lower taxable income contributed by certain subsidiaries in 1H FY2017 compared with 1H FY2016.

With the gain of RM372.1 million on disposal of 22.5 million shares in GIT, the Group reported a profit after tax attributable to shareholders of RM414.9 million in 1H FY2017.

## **(b) STATEMENTS OF FINANCIAL POSITION REVIEW**

### **Intangible assets**

The increase in intangible assets from RM195.9 million as at 30 June 2016 to RM197.1 million as at 31 December 2016 was mainly due to higher foreign currency translation gain on intangibles attributable to the appreciation of SGD and USD against RM, partially offset with the amortisation of intangible assets for 1H FY2017.

### **Investments in associates**

The decrease in investments in associates from RM106.4 million as at 30 June 2016 to RM85.0 million as at 31 December 2016 was mainly due to the following changes in the Group's shareholding in GIT:

(i) In 1H FY2017, the Company disposed 22.5 million GIT shares in several block trades on ChiNext following the expiry of the Moratorium Period for the Company's shares in GIT on 1 June 2016. The gain on disposal of RM372.1 million was recognised under Other Income in the consolidated income statement;

(ii) On 25 November 2016, GIT issued 2,784,000 new shares to 48 eligible employees at RMB7.66 per share under GIT's restricted employee shares incentive plan. Consequently, the Company's interest in GIT was diluted from 14.08% to 13.99%. The accounting loss on dilution of interest of RM0.2 million was recognised under Administrative Expenses in the consolidated income statement; and

(iii) On 19 December 2016, GIT issued 14,745,442 new shares at RMB15.91 per share as part consideration for its acquisition of 100% equity interest in RuiMin and 3,639,215 new shares at RMB15.91 per share for private placements. The Company's interest in GIT was diluted from 12.43% to 11.92%. The accounting gain on dilution of RM18.8 million was recognised under Other Income in the consolidated income statement.

As at 31 December 2016, the Company's interest in GIT was 11.92% comprising 54.0 million shares.

#### **Trade and other receivables**

Trade and other receivables decreased from RM177.8 million as at 30 June 2016 to RM140.9 million as at 31 December 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 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 to customers for contract work-in-progress as at 31 December 2016 was RM0.3 million compared with net amount due from customers for contract work-in-progress of 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 RM32.5 million as at 31 December 2016 was mainly due to the recognition of maintenance revenue following the performance of services in 1H 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 RM50.8 million as at 31 December 2016 was mainly due to the accruals of withholding tax associated with the disposal of shares in an associate in 1H FY2017.

#### **Cash and bank balances**

Cash and bank balances increased from RM225.9 million as at 30 June 2016 to RM658.4 million as at 31 December 2016 mainly due to the cash inflow from investing activities of RM411.5 million from disposal of shares in an associate and net cash inflow from operating activities of RM135.5 million, partially offset with cash outflow from financing activities of RM120.9 million for payment of dividends to shareholders and RM17.5 million for purchase of treasury shares. The repatriation of proceeds from sale of GIT shares is subject to regulatory approval.

#### **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 political and economic uncertainties around the world will continue to weigh on business sentiments in this region for the first half of 2017. Amidst competitive conditions, the Group remains focused on delivering operational excellence to enable customers to introduce new and improved services. While revenue from maintenance and enhancement services and insurance processing are recurrent and stable, project related revenue segments are affected due to reduced capital expenditure by customers. Core IT systems replacement contracts secured in the last few months have started work and initial revenue recognition are expected from the second half of FY2017. The Group continues to respond to requests for proposals and is engaging existing and potential customers for core IT replacements and digital banking upgrades.

To build on its strong track record of making synergistic acquisitions to significantly expand the portfolio of Fintech and Insuretech software products and services, the Group will continue to evaluate suitable acquisition opportunities. The partial monetisation of the investment in Global InfoTech Co. Ltd. will support new investments to expand the market share of the Group.

#### **11. If a decision regarding dividend has been made:**

##### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on? Yes

Name of Dividend	First Interim	Second Interim
Dividend Type	Cash	Cash
Dividend Rate	Singapore cents 0.50 per ordinary share	Singapore cents 0.70 per ordinary share
Par Value of Shares	USD0.02	USD0.02
Tax Rate	Tax exempt 1-tier	Tax exempt 1-tier

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	First Interim	Second Interim
Dividend Type	Cash	Cash
Dividend Rate	Singapore cents 0.60 per ordinary share	Singapore cents 0.75 per ordinary share
Par Value of Shares	USD0.02	USD0.02
Tax Rate	Tax exempt 1-tier	Tax exempt 1-tier

**(c) Date payable**

The Directors have proposed a tax exempt (one-tier) interim dividend of Singapore cents 0.70 per ordinary share. The interim dividend will be payable on 7 March 2017.

**(d) Books closure date**

Notice is hereby given that the Transfer Books and Register of Members of the Company will be closed on 23 February 2017 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 February 2017 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 February 2017 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 31 December 2016 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)
	1-7-16 to 31-12-16	1-7-16 to 31-12-16
	RM	RM
Companies associated to Mr. Goh Peng Ooi ("Silverlake Entities")		
- Old IPT Mandate <sup>(1)</sup>		
Revenue from Silverlake Entities	-	1,155,000
- New IPT Mandate <sup>(2)</sup>		
Revenue from Silverlake Entities	-	36,903,937
Service fees to Silverlake Entities	-	(15,861,239)
- Non-Mandate Transactions <sup>(3)</sup>		
Revenue from Silverlake Entities	580,248	-

<sup>(1)</sup> The Old IPT Mandate was approved by the shareholders on 31 October 2007 for transactions pursuant to Master License Reseller Agreement ("MLRA"), Master Services Agreement ("MSA") and Master Reseller Agreement ("MRA").

<sup>(2)</sup> 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 IPT Mandate is subject to annual renewal.

<sup>(3)</sup> 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 31 December 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
<u>Transactions conducted under the Old IPT Mandate: -</u>						
Silverlake Entities <sup>(1)</sup>	1,155,000	1,155,000	-	-	-	-
	1,155,000	1,155,000	-	-	-	-
<u>Transactions conducted under the New IPT Mandate: -</u>						
Silverlake Entities <sup>(1)</sup>	27,281,380	13,559,132	1,809,415	-	11,912,833	-
<u>Non-Mandate Transactions</u>						
Silverlake Entities	385,646	226,064	159,582	-	-	-
<u>Non-Trade Transactions</u>						
Silverlake Entities	102,715	77,763	24,952	-	-	-
	27,769,741	13,862,959	1,993,949	-	11,912,833	-
<b>Grand Total</b>	<b>28,924,741</b>	<b>15,017,959</b>	<b>1,993,949</b>	<b>-</b>	<b>11,912,833</b>	<b>-</b>

(Note 2)

(Note 3)

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

<sup>(2)</sup> As at 13 February 2017, the amounts due from Silverlake Entities between 31 - 60 days have been fully collected.

<sup>(3)</sup> This amount due from Silverlake Entities for a specific project with approved longer credit term will be settled in Q3 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 31 December 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

14 February 2017