



SILVERLAKE AXIS LTD

(Incorporated in Bermuda)
(Company Registration No. 32447)

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Net Profit Rises 146% to RM168.6 million in Q1 FY2017

- *Q1 FY2017 revenue declined 3% to RM126.7 million due to lower contributions from project related licensing and services*
- *Recurrent revenue from maintenance and enhancement services continues to grow at a strong 27% and Merimen insurance Software as a Service (SaaS) business grew a healthy 19%*
- *The Group recognised a gain of RM143.7 million following the disposal of 4.5 million Global InfoTech Co. Ltd. ("GIT") shares*
- *Balance sheet remained solid with strong net cash of RM357.8 million as of 30 September 2016*
- *The Board proposed first interim dividend of Singapore cent 0.5 per share, payable on 5 December 2016*

Singapore, 11 November 2016 – Singapore Exchange Mainboard listed Silverlake Axis Ltd ("SAL" or the "Group"), a leading provider of Digital Economy Solutions and Services to major organisations in Banking and Financial Services, Payments, Retail and Logistics industries, today announced its results for the first quarter ended 30 September 2016.

Q1 FY2017 Results Review

Under cautious business conditions, SAL recorded a 3% decline in revenue to RM126.7 million in Q1 FY2017. The decline was attributed to lesser revenue derived from lower value software project services and software licensing contracts as well as smaller sales of hardware products compared to the previous corresponding period. However, recurring revenue from the Group's dominant business activity, maintenance and enhancement services, continued its strong growth with additional contracts secured in Malaysia, Singapore and Thailand as well as contributions from Symmetri Group. Insurance processing also registered higher recurring revenue following business expansion into Thailand and Vietnam. As for credit and cards processing, the increase in revenue was aided by the appreciation of Japanese Yen against Ringgit Malaysia.

Revenue By Business Activities (RM million)	Q1 FY2017	Q1 FY2016	% Change
Software licensing	16.2	22.1	(27)
Software project services	10.7	26.3	(59)
Maintenance and enhancement services	88.4	69.5	27
Sale of software and hardware products	0.3	3.5	(90)
Credit and cards processing	4.4	3.9	13
Insurance processing	6.7	5.7	19
Total	126.7	131.0	(3)

Due to lower revenue, gross profit fell 6% to RM73.6 million. With the change in revenue mix and lower gross profit margin from software project services, gross profit margin declined to 58%. The consolidation of Symmetri Group also contributed to higher total operating costs. Following the expiry of the Moratorium Period for GIT shares after their listing on ChiNext of the Shenzhen Stock Exchange, the Group sold 4.5 million GIT shares in Q1 FY2017 and recognised a gain of RM143.7 million under Other Income. The disposal of GIT shares, coupled with the Group's diluted interest arising from new shares issued by GIT pursuant to an employee shares incentive plan in FY2016, resulted in lower share of profit from GIT. In addition, share of profit from a joint venture, Silverlake HGH Limited, declined due to lower profit as well as the Group's diluted interest arising from issuance of new Finzsoft's shares in FY2016 as the final payment for its acquisition of Sush Global Solutions Limited. Consequently, the Group recorded share of loss of associates and a joint venture of RM2.1 million. Boosted by the substantial gain from the sales of GIT shares, moderated by higher operating expenses and share of loss of associates and a joint venture, net profit attributable to shareholders rose 146% to RM168.6 million in Q1 FY2017.

To reward shareholders, the Board proposed a tax-exempt first interim dividend of Singapore cent 0.5 per ordinary share. This first interim dividend will be payable on 5 December 2016.

Prospects

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

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

This press release should be read in conjunction with SAL’s Q1 FY2017 results announcement released on 11 November 2016 to the Singapore Exchange.

About Silverlake Axis

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.

Under Axis Systems Holdings Limited, the Group was listed on the SGX-SESDAQ on 12 March 2003. It was renamed Silverlake Axis Ltd in 2006 following the acquisition of SAACIS, the company that owns the Silverlake Integrated Banking Solution (SIBS) and the listing was transferred to the Mainboard of the Singapore Exchange on 22 June 2011.

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