



SILVERLAKE AXIS LTD

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

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Records 22% Increase in Revenue to RM417.1 million in 9M FY2016

- *Higher revenue in 9M FY2016 driven by higher contributions from most business activities, maiden contribution from Symmetri Group as well as appreciation of SGD and USD against RM*
- *Profitability impacted by lower proportion of higher margin revenue, consolidation of lower margin Symmetri Group business as well as transition of Symmetri Group at an initially higher cost structure*
- *Insurance-related Merimen Group expanding services and territories to increase market share in the region*
- *A third interim dividend of Singapore cents 0.65 per share is proposed*

Singapore, 11 May 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, Insurance, Payment, Retail and Logistics industries, today announced its results for the third quarter and nine months ended 31 March 2016.

9M and Q3 FY2016 Results Review

For the nine months ended 31 March 2016, SAL recorded Group revenue of RM417.1 million, up 22% from same period in FY2015. With the exception of software licensing which delivered lower value software licensing contracts during the period, the increase was broad-based across all business segments. Contribution from software project services was substantially higher due to increased progressive revenue recognition from new and on-going project implementation contracts as well as consolidation of Symmetri Group's projects on hand. Revenue from maintenance and enhancement services also rose with additional maintenance contracts secured following the completion of software implementation projects in Singapore and Malaysia as well as consolidation of Symmetri Group's maintenance and enhancement revenue.

Sale of software and hardware products reported higher revenue given three major sales of hardware products in 9M FY2016 compared with only one such major sale in 9M FY2015. While credit and cards processing benefited from additional enhancement contracts from a major customer and appreciation of Japanese Yen against Ringgit Malaysia, the recurrent revenue base of insurance processing expanded with acquisition of new customers and business expansion into growth markets.

Revenue By Business Activities (RM million)	9M FY2016	9M FY2015	% Change
Software licensing	86.2	99.8	(14)
Software project services	88.6	40.6	118
Maintenance and enhancement services	248.5	215.3	15
Sale of software and hardware products	14.0	6.2	127
Credit and cards processing	15.6	10.7	46
Insurance processing	18.2	14.7	24
Total	471.1	387.3	22

Due to lower proportion of revenue contribution from higher margin software licensing and consolidation of Symmetri Group's business which has lower gross margin, the Group's gross profit rose only 6% to RM274.6 million for 9M FY2016 with a gross profit margin of 58%. The consolidation of Symmetri Group also resulted in additional operating expenses incurred due to ongoing business transition at a higher cost structure under a Transition Services Agreement. Consequently, profit before tax slid 2% from RM222.9 million in 9M FY2015 to RM218.2 million in 9M FY2016. In addition, higher withholding tax on some overseas revenue and higher taxable income generated by subsidiaries contributed to higher income tax expense and

increased the effective tax rate to 10%. As a result, the Group's net profit declined 5% to RM196.7 million in 9M FY2016 as compared to 9M FY2015.

On a quarterly basis, Group revenue increased by 10% from RM143.3 million in Q3 FY2015 to RM157.0 million in Q3 FY2016. Net profit attributable to shareholders amounted to RM61.5 million, a 20% decline from the previous corresponding period.

As an appreciation to shareholders for their support, the Board has proposed a tax-exempt third interim dividend of Singapore cents 0.65 per ordinary share. Due to the 1-for-5 bonus share issued in July 2015, the share base for Q3 FY2016's interim dividend is 20% larger compared to Q3 FY2015.

Prospects

Going forward, the Asian economic growth is expected to moderate in 2016. Financial institutions in Asia are likely to leverage on information technology as they continue to expand in a more cost effective manner. Backed by an extensive suite of innovative software solutions and service offerings, SAL is well-positioned to support customers' growth through enhancement of existing software systems and implementation of relevant digital and mobile technologies to deliver quick but effective solutions to meet their needs.

In addition to working with potential and existing customers on new and ongoing projects, the Group is focused on realising the anticipated synergies from the recent acquisitions. "Due to efforts in prior years, SAL is benefitting from a growing recurrent revenue base as Merimen Group broadens its insurance processing services and expands into new growth markets in the region," commented Dr. Raymond Kwong, Managing Director of the Group. "Following the initial business transition of the Symmetri Group, we are increasing efforts in cross-selling services and streamlining operating procedures to improve profit margin," added Dr. Kwong.

This press release should be read in conjunction with SAL's Q3 and 9M FY2016 results announcement released on 11 May 2016 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd (SAL) is a leading provider of digital economy solutions and services for major organisations in Banking, Insurance, Payment, Retail and Logistics industries. The Group's Silverlake Axis Software and Services Solutions are delivering operational excellence and enabling business transformations at over 200 organisations across Asia, including 40% of the largest banks in South East Asia.

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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