



SILVERLAKE AXIS LTD

(Incorporated in Bermuda)

(Company Registration No. 32447)

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Net Profit Surged to RM813.3 million in 9M FY2017

- ***9M FY2017 revenue declined to RM380.6 million with lower revenues from project related services due to deferment and slowdown in customers' capital expenditures amidst cautious business sentiments***
- ***Recurrent revenue continued to grow with more contracts secured for maintenance and enhancement services and new customers acquired for insurance processing***
- ***Other income boosted by capital gain of RM477.7 million from the disposal of 34.9 million GIT shares in 9M FY2017 and accounting gain of RM293.0 million on initial recognition of retained interest in remaining GIT shares as financial asset at fair value in accordance with IFRS 9 (or IAS 39)***
- ***Strong balance sheet with large net cash position of RM704.2 million as of 31 March 2017***
- ***The Board proposed a third interim dividend of Singapore cent 0.7 per share, payable on 6 June 2017***

Singapore, 15 May 2017 – 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 2017.

9M and Q3 FY2017 Results Review

In 9M FY2017, SAL recorded 19% decline in revenue to RM380.6 million. The decrease was attributed to lower contributions from project related revenue segments and was moderated by the steady growth of the recurrent revenue segments. Due to deferment and slowdown in customers' capital expenditures, revenue from software project services, software licensing as well as sale of software and hardware products were significantly lower than the previous corresponding period which was boosted by the completion of higher value contracts. Nevertheless, the completed software implementation projects led to new maintenance and enhancement contracts. This, together with the consolidation of contributions from Symmetri Group for three quarters in FY2017 (as opposed to consolidation of only two quarters in 9M FY2016), drove the 21% increase in recurring revenue from maintenance and enhancement services. Recurring revenue from insurance processing also saw healthy growth of 18% with enlarged customer base as the Group continues the geographical expansion of the insurance processing business in the region.

Owing to the decline in Group revenue, gross profit fell 20% to RM219.2 million but gross profit margin remained stable at 58%. During the period, other income rose significantly to RM790.5 million. This increase was attributed to a gain of RM477.7 million on the disposal of 34.9 million shares in GIT, the recognition of an accounting gain of RM293.0 million on initial recognition of retained interest in GIT as financial asset at fair value in accordance with IFRS 9 (or IAS 39) upon the Group's cessation of significant influence over GIT on 29 March 2017 as well as the recognition of an accounting gain of RM18.8 million on dilution of interest in GIT following the issuance of new GIT shares for an acquisition and private placements. Due to the provision of deferred tax on capital gains associated with the remaining quoted equity shares of GIT available-for-sale and the accruals of withholding tax on GIT shares disposed in 9M FY2017, income tax expense was substantially higher and effective tax rate increased marginally to 11% compared with 10% in 9M FY2016. Boosted by the surge in other income, profit attributable to shareholders rose to RM813.3 million, an increase of 314% over the previous corresponding period.

For Q3 FY2017, the Group recorded revenue of RM124.4 million, a decrease of 21% compared to Q3 FY2016. Due to an accounting gain of RM293.0 million from the initial recognition of retained interest in GIT as financial asset at fair value as well as the gain of RM105.6 million on disposal of 12.4 million shares in GIT during the quarter, other income rose substantially to RM413.7 million in Q3 FY2017. As a result, profit attributable to shareholders rose 548% to RM398.4 million in Q3 FY2017.

Maintaining the trend of quarterly dividends, the Board proposed a tax-exempt third interim dividend of Singapore cent 0.7 per ordinary share payable on 6 June 2017.

Prospects

“For the rest of FY2017, project related revenues are likely to gradually improve as customers are starting to prioritise IT capital expenditures for digital banking and deferred core system upgrades. Maintenance and enhancement services business segment is expected to continue to benefit from ongoing compliance and IT systems enhancement activities,” commented Dr. Raymond Kwong, Managing Director of SAL. Work has commenced on the core IT replacement contracts secured earlier in FY2017 and their revenue recognition can be expected in Q4 FY2017 and FY2018. “Besides responding to requests for proposals, we are also engaging existing and potential customers for core IT replacements and digital banking upgrades,” added Dr. Kwong.

Notwithstanding the challenging business climate, SAL continues to explore acquisition opportunities to expand its portfolio of Fintech and Insuretech software products and services to address a larger base of customers. The Group maintains a solid balance sheet with strong net cash position and the continual monetisation of the investment in GIT will provide strong support to fund any new investments.

This press release should be read in conjunction with SAL's 9M and Q3 FY2017 results announcement released on 15 May 2017 to the Singapore Exchange.

About Silverlake Axis

Silverlake Axis Ltd (SAL) provides financial services technology to the Banking, Insurance, Payment, Retail and Logistics industries. Founded in 1989, SAL has built an impeccable track record of successful core banking implementations.

Together with our acquired subsidiaries (Merimen Group, Cyber Village, QR Retail Automation Group, Symmetric Payments and Integration, Symmetri Group) and associate (Finzsoft Solutions Ltd listed on NZX), we have transformed and created value for over 300 customers and their ecosystems. Our geographical presence spans across Asia, Middle East, Central Europe, Australia and New Zealand.

Under Axis Systems Holdings Limited, SAL 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. For more information about SAL, please visit www.silverlakeaxis.com.

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