



SILVERLAKE AXIS LTD

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

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Continues with Solid Growth in Q3 FY2014

**Revenue +25% to RM136.0 Million and
Net Profit +33% to RM62.9 Million**

- *New enhancement services contracts, sale of hardware products and new revenue from insurance processing contributed by Merimen Group underpinned significant growth in group revenue in Q3 FY2014*
- *9M FY2014 revenue and net profit grew 26% and 28% to RM362.8 million and RM174.6 million respectively*
- *Strong net cash inflow from operating activities contributed to solid financial position with net cash of RM333.5 million*
- *The Board proposed a third interim dividend of Singapore cent 1.0 per share for Q3 FY2014, an increase of 25% over Singapore cent 0.8 per share for Q3 FY2013*

Singapore, 6 May 2014 – 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 a solid set of financial results for the third quarter and nine months ended 31 March 2014.

Q3 and 9M FY2014 Results Review

For the quarter ended 31 March 2014, SAL achieved a significant increase of 25% in revenue to RM136.0 million. The improvement was mainly attributed to higher contribution from software licensing, maintenance and enhancement services as well as sale of software and hardware products. While businesses for maintenance and enhancement services continued to grow steadily with new project enhancement contracts secured in Singapore and Thailand, sale of software and hardware products benefited from two deliveries of large orders for hardware products to customers. The Group also recorded a new source of revenue from insurance processing contributed by Merimen Group. Under software project services, revenue was lower than the previous corresponding period due to fewer project implementation contracts in progress during the quarter.

Revenue By Business Activities (RM million)	Q3 FY2014	Q3 FY2013	% Change	9M FY2014	9M FY2013	% Change
Software licensing	39.5	36.2	9	96.8	83.5	16
Software project services	11.2	28.7	(61)	53.6	58.2	(8)
Maintenance and enhancement services	53.4	36.6	46	155.5	127.8	22
Sale of software and hardware products	23.4	2.6	785	30.7	5.9	420
Credit and cards processing	4.1	4.6	(10)	11.9	13.0	(9)
Insurance processing	4.4	-	NA	14.3	-	NA
Total	136.0	108.7	25	362.8	288.4	26

Driven by higher revenue, gross profit rose 15% from RM68.4 million in Q3 FY2013 to RM78.6 million in Q3 FY2014. However, gross profit margin slipped to 58% from 63% due to the significantly higher contribution in lower margin activities such as sale of software and hardware products as well as decrease in profit margin from software project services. During the quarter, total operating cost declined as SAL incurred lower selling and distribution costs and administrative expenses. The Group also recorded an improvement in share of profit of associates as GIT InfoTech Co. Ltd reversed its loss in Q3 FY2013 into profit in Q3 FY2014. In spite of higher profitability, income tax expense and the effective tax rate decreased due to higher tax-exempt income earned during the quarter. Consequently, net profit grew 33% from RM47.4 million in Q3 FY2013 to RM62.9 million in Q3 FY2014.

For 9M FY2014, group revenue rose 26% to RM362.8 million and net profit for the period increased 28% to RM174.6 million. Due to better revenue mix, effective control of operating costs and higher contribution from associates, net profit margin increased to 48%. As a reward to shareholders for the solid performance, the Board has proposed a tax-exempt third interim dividend of Singapore cent 1.0 per share for Q3 FY2014. This is 25% higher than the third interim dividend of Singapore cent 0.8 per share for Q3 FY2013. Together with the first and second interim dividend, the total dividend payout for the first nine months of FY2014 amounted to Singapore cents 2.7 per share, an increase of 35% over the dividend payout for the previous corresponding financial period.

Prospects

“We continue to see the availability of IT related business opportunities in the Asian financial sector. The Group will capitalise on the favourable business conditions by actively pursuing new software implementation service projects for the rest of FY2014,” commented Dr. Raymond Kwong, Group Managing Director of SAL. “The software implementation service projects that we are currently working on and any new software implementation service contracts secured will add to our pool of maintenance contracts which generate recurring revenue for the Group”, Dr. Raymond Kwong added. Recent acquisitions have contributed to the growth in profitability as well as broadened the Group’s range of mission critical technologies and services. The Group will continue to evaluate suitable acquisition opportunities to further enhance its capabilities in order to support customers operating in the digital economy.

This press release should be read in conjunction with SAL’s Q3 FY2014 results announcement released on 6 May 2014 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, Payments, Retail and Logistics industries. The Group's Silverlake Axis Software and Services Solutions are delivering operational excellence and enabling business transformations at over 100 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.

Contact

<p>Silverlake Axis Ltd</p> <p>Dr. Raymond Kwong Group Managing Director Email: raymondkwong@silverlakeaxis.com</p>	<p>Cyrus Capital Consulting</p> <p>Mr. Lee Teong Sang Principal Consultant Tel: +65-9633 9035 E-mail: teongsang@cyrus.com.sg</p>
--	---