



SILVERLAKE AXIS LTD

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

PRESS RELEASE - FOR IMMEDIATE RELEASE

Silverlake Maintains Healthy Profit Growth in 1H FY2015

**Revenue +6% to RM240.9 Million and
Net Profit +18% to RM131.3 Million**

- *Group revenue increased on higher contributions from software licensing and maintenance and enhancement services*
- *Gross profit increased 16% to RM158.0 million in 1H FY2015 and gross profit margin rose to 66% with improved contribution from higher margin activities*
- *The Group maintained a strong statement of financial position with a comfortable net cash position of RM334.3 million as of 31 December 2014*
- *The Board has proposed a second interim dividend of Singapore cents 1.1 per share, an increase of 22% over the previous corresponding period*

Singapore, 11 February 2015 – 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 healthy set of results for the six months ended 31 December 2014.

1H FY2015 Results Review

During the period under review, the Group continued to focus on the execution of new and existing software projects. The completion of software implementation contracts in Malaysia and Thailand resulted in additional recurring income from maintenance and enhancement contracts. The Group also delivered enhancement services to customers seeking to improve system effectiveness in order to meet regulatory compliance requirements. These activities resulted in revenue from maintenance and enhancement services rising 21%. The Group also benefited from the delivery of higher value software licensing contracts during the 1H FY2015.

On the other hand, contribution from software project services declined as revenue recognition for the preliminary work done on the recently secured software implementation service contracts was lower. However, progressive revenue recognition from these new projects can be expected in the subsequent quarters. Revenue from sale of software and hardware products also fell in the absence of a major hardware sale in 1H FY2015. Nevertheless, the Group still managed to achieve a 6% increase in total revenue to RM240.9 million.

Revenue By Business Activities (RM million)	1H FY2015	1H FY2014	% Change
Software licensing	71.9	57.1	26
Software project services	27.2	42.2	(36)
Maintenance and enhancement services	123.4	102.0	21
Sale of software and hardware products	1.6	7.3	(78)
Credit and cards processing	7.1	7.9	(10)
Insurance processing	9.7	9.9	(2)
Total	240.9	226.4	6

The increased proportion of revenue contribution from higher margin activities, namely software licensing as well as maintenance and enhancement services, boosted gross profit to RM158.0 million, an increase of 16% over the previous corresponding financial period. Gross profit margin also improved from 60% in 1H FY2014 to 66% in 1H FY2015 due to the change in revenue mix.

Compared to 1H FY2014, the Group recorded lower net realised and unrealised foreign currency exchange gains in 1H FY2015 and this resulted in a significant decrease in other income. Besides higher selling and distribution costs, the Group also incurred additional administrative expenses due to increased staff costs and higher professional fees for a new acquisition. However, income tax expense was lower as effective tax rate decreased from 10%

in 1H FY2014 to 6% in 1H FY2015 due to higher tax-exempt income earned during the half year period. With the increase in gross profit and decrease in income tax expense, net profit rose 18% to RM131.3 million.

To reward shareholders for the healthy performance, the Board has proposed a tax-exempt second interim dividend of Singapore cents 1.1 per share. This translates to an increase of 22% over the second interim dividend of Singapore cents 0.9 for 1H FY2014.

Prospects

The business outlook in Asia is expected to remain uncertain in 2015. However, the Group should continue to benefit from the prevailing trend of mergers and acquisitions and investments in digital banking initiatives amongst banks. “We will continue to leverage on our expanding suite of mission critical enterprise software and services to capitalise on the business opportunities in the region,” commented Dr. Raymond Kwong, Group Managing Director of SAL.

In December 2014, the Group entered into an agreement to acquire Finzsoft Solutions Limited (“Finzsoft”), an Auckland-based financial technology company that develops and implements software and solutions for banks and financial institutions in New Zealand and Australia. “The acquisition reinforces our strategy in expanding our existing portfolio of software solutions and delivers new collaborative digital economy capabilities throughout the Asia Pacific region. With Finzsoft, SAL is well-positioned to explore growth opportunities in Australia and New Zealand,” added Dr. Kwong.

This press release should be read in conjunction with SAL’s 1H FY2015 results announcement released on 11 February 2015 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 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.

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