



**SILVERBRIDGE**  
H O L D I N G S

[www.silverbridge.co.za](http://www.silverbridge.co.za)

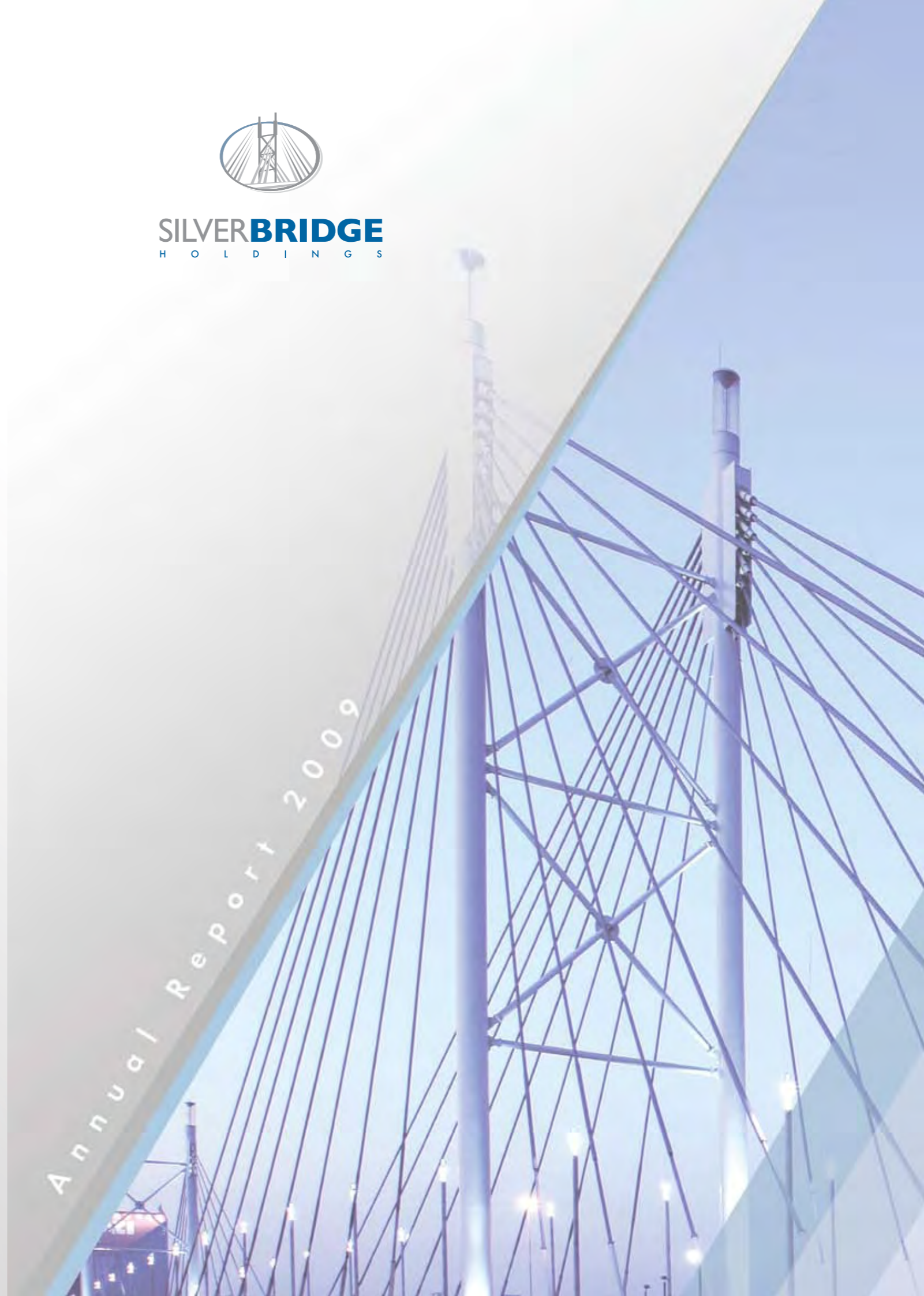
**Registered Offices**  
First Floor, Castle View North  
495 Prieska Street  
Erasmuskloof, Pretoria, 0048  
(PO Box 11799, Erasmuskloof, 0048)



**SILVERBRIDGE**  
H O L D I N G S

SILVERBRIDGE HOLDINGS LIMITED ANNUAL REPORT 2009

Annual Report 2009



# SilverBridge Roadmap

risk averse  
elitist  
resistant  
unapproachable  
costly  
legacy  
old channels  
conservative  
nothing new  
unserviced  
technology  
disruptive product  
new entrants  
innovation  
niche  
modern  
easy  
fresh  
community  
flexible  
value  
open  
collaboration



The leading providers of financial services will change to offer their clients what they need, at an affordable price. SilverBridge will play a leading role in supporting them on this journey.

## **CONTENTS**

Overview	4
Directorate and Secretariat	6
Chairman's review	10
CEO's review	12
Operational review	16
Corporate governance report	24
Analysis of shareholding	33
Annual financial statements	36
Extracts from Directors' curriculum vitae	88
Explanation of resolutions	89
Notice of the AGM	90
Corporate information	IBC
Proxy form	attached
Investor fact sheet	enclosed



The SilverBridge family of solutions offer real and immediate benefits to our clients

**OVERVIEW**

SilverBridge Holdings Limited is a leading supplier and implementer of business administration software solutions to financial services in South Africa and ten other countries on the continent. Changes in consumer behaviour and the current economic trends will require providers of financial services to change the way they do business. SilverBridge plays a leading role to help them achieve better customer service at an affordable price.

Servicing financial services in Africa is part of the roots of our business. It commenced in August 1996 with SDT's first implementation at Swabou Life in Namibia. Since 2002 SilverBridge has assisted two major South African assurance companies, Old Mutual and Metropolitan Holdings, with their expansion into Africa. The Group has the largest number of life assurance system implementations across the African continent. Our client base includes: Sanlam, Old Mutual, Regent, Hollard, Metropolitan Holdings, Liberty and Clientèle Life.

We have many years of experience in improved efficiency, product development and service in diverse segments of financial services. The acquisition of Ones & Zeros enables us to translate this experience into business models and business cases for our clients.

Our administration solutions cover the life assurance, group benefits, banking and loans sectors of the financial services industry. Looking ahead, we anticipate further expansion into short-term insurance, wealth management, unit trusts and medical aid.

**Trends and Prospects**

There are a number of trends in the financial services industry that offer unique opportunities for the Group to expand our offering and grow our revenue in this market.

As financial service providers look for ways to create long-term value from a single client by offering more financial products to that client it creates the need for administration platforms, processes and products that can manage all these products in an integrated manner for the single client. This offers substantial challenges to the industry and our consulting services are well positioned to provide the link between technology, people and business processes.

Our ability to offer many financial products on one platform and our system's ability to co-exist with other systems in banking, life assurance, employee benefits, short-term insurance and lending, positions us as the partner of choice for financial services organisations facing convergence in the service of financial products for their clients.

The SilverBridge family of administration solutions offers real and immediate benefits to the market. Our solutions are packaged to meet the requirements for speed and flexibility. It offers answers to the demands of increasingly cost-conscious consumers to reduce fees on financial products, whilst delivering better service.

Linked to this requirement of service at a reasonable price are the challenges in Africa of offering financial services to previously un-serviced markets. Our skills in this market were honed over many years and the growing importance of niche players in emerging markets are creating new opportunities for the Group. Given our leading position in the financial services sector and our continental representation, either directly or through strategic partnerships, the Group is well placed to exploit these opportunities to the benefit of all our stakeholders.

Consumer need for greater information access is growing. Banks have made substantial progress in this space, but most other players are lagging.

Lastly, changes in security, risk management systems and procedures to adhere to new codes of corporate governance increase the need for replacement of the legacy systems of many players in financial services. This market is difficult due to the perceived associated risks of replacing existing systems, but we foresee that governance requirements will create new opportunities for us.

**Group Structure**

The listing of SDT as part of the SilverBridge Group, our BEE partners and our status as a level 5 BEE contributor has significantly enhanced our credibility and reputation as a leading player in our market. Our BEE partners Kagiso Trust Investments, a well-respected BEE investment company that holds a 19% shareholding in the Group; and Amabubesi Capital, a leading black empowerment company that owns stakes in various listed and unlisted companies, has a 14% shareholding in the Group. The balance of the shares is held by the directors (54%) and the investing public (15%). SilverBridge Holdings Limited owns 100% of SDT Financial Software Solutions (Pty) Ltd, the core operating entity within the Group, and 51% of the recently acquired Ones & Zeros, a specialist IT systems implementation consulting enterprise specifically focussed on the financial services sector.

To protect and maintain the brand that exists in each of the individual entities that make up the SilverBridge Group, our approach is to ensure that management remains independent on an operational and perceptual level with strategic integration occurring through the SilverBridge Executive Committee. This allows for the maximisation of new business development at an operational level while still allowing for the exploitation of joint business opportunities where synergy exists.

**SDT Financial Software Solutions**

Driven by an industry need for financial software that offers quick time to market, reduced contract administration costs and better service to the consumer market, SDT has invested a considerable amount of financial and human resources in the development and production of its flagship software *Exergy*. The *Exergy* software and supporting services are packaged to meet the needs of the different sectors of the market.

*Express* is built for speed and implementation simplicity. Typically, it takes just two weeks to implement a new client. *Evolution* offers the ideal balance between speed and flexibility, taking six to nine months from start to implementation. *Autonomy* has been designed with the larger financial services organisations in mind that are typically largely self-reliant and self-supported and use their own components.

**Ones & Zeros**

The strategic acquisition of Ones & Zeros reinforces the SilverBridge Group's strategy to acquire businesses that can add value to our business model. The company is well known and established, offering IT management consulting services that bring people and technology together. Services include strategic systems implementation consulting that aligns business processes with an organisation's overall IT strategy.

**DIRECTORATE  
AND SECRETARIAT**



**Andile Sangqu (43)**  
(Chairman)



**Jaco Swanepoel (49)**  
(CEO)



**NON-EXECUTIVE DIRECTORS**

1. Jeremy de Villiers (35)
2. Freda du Toit (42)
3. Nthabiseng Mokone (37)
4. Tyrrel Murray (45)
5. David Smollan (35)

**EXECUTIVE DIRECTORS**

6. Sandra Duetsch (46)
7. Jaco Maritz (35)

**ALTERNATE DIRECTORS**

8. Rowan Williams (36)  
Alternate Director to David Smollan
9. Sphelele Sangweni (32)  
Alternate Director to Andile Sangqu

**COMPANY SECRETARY**

Melinda van den Berg (31)



we understand the requirements to support our clients through **in-depth industry experience**

**Andile Sangqu (43) (Chairman)**

Andile is a group executive director of Kagiso Trust Investments. He serves on a variety of other boards which include among others, Metropolitan Holdings Limited, Pioneer Foods and Kagiso Trust Investments. His expertise and practical exposure span across areas such as general management, finance and administration of companies in diverse industries such as broadcasting, insurance, mining and the meat industry. He holds a B Comm (Accounting), B Compt. Honours, H Diploma Tax Law and a Master of Business Leadership (MBL). He also completed an Advanced Management Programme (AMP) at INSEAD.

**Jaco Swanepoel (49) (CEO)**

Jaco is the CEO of the Group and as co-founder of SDT played a key role in the listing of the Group. His experience in financial services and information technology goes back twenty-five years and helped him to play a leading role in the founding and building of SDT. He played a major role in the creation of SilverBridge Holdings. He started his career in Sanlam's actuarial department and later joined Momentum Life where he was involved in most aspects of life insurance administration, including IT. He holds a BSc (Econ) from the North West University.

**NON-EXECUTIVE DIRECTORS**

**Jeremy de Villiers (35)**

Jeremy is the Managing Director of Cape Empowerment Trust Ltd, a listed diversified BEE investment holding group. He has over ten years' experience in investment banking and corporate finance and was the General Manager of Sasfin Capital, the successful investment banking, private equity, corporate advisory and JSE-Sponsors business unit of banking Group Sasfin. He is a qualified Chartered Accountant and also holds an H.Dip (Tax) from the University of Cape Town.

**Freda du Toit (42)**

Freda is a co-founder of SDT and an independent business advisor utilising her vast experience in business and financial services to assist companies in capitalising on opportunities presented by the market, their skills and products, turning opportunities into reality. She holds a B.Sc. Honours (*cum laude*) degree from the North West University and is accredited by the Institute for Independent Business.

**Nthabiseng Mokone (37)**

Nthabiseng is the head of Amabubesi Health Services and the Private equity fund and has been involved in corporate finance since June 2006. She serves on numerous boards including Cipla Medpro South Africa Limited; Alliance Group (Pty) Ltd and Digicore Fleet Management. She completed her articles at Transnet whereafter she joined African Banking Corporation Holdings Limited as Group Head Accountant before moving to Amabubesi. She is a qualified Chartered Accountant.

**Tyrrel Murray (45)**

Tyrrel is the General Manager: Group Finance and Investor Relations at Metropolitan Holdings Limited. He has wide-ranging tax planning and compliance experience. Over the past fifteen years he has been involved in a broad spectrum of

corporate finance transactions. He has also been responsible for Metropolitan Holdings' corporate and group financial reporting for the past twelve years, in addition to heading up the group's investor and financial media relations programme. He is a qualified Chartered Accountant with an H Dip (Tax) from University of Cape Town.

**David Smollan (35)**

David has been a non-executive director of SDT for several years representing the i capital Growth Fund I Trust. He was a key role player in the reverse listing of SDT as SilverBridge. In his investment management activities performed on behalf of i capital, he has worked with numerous substantial private ICT companies over the years. He is a qualified Chartered Accountant and holds a Chartered Financial Analyst (CFA) designation.

**EXECUTIVE DIRECTORS**

**Sandra Duetsch (46)**

Sandra is the founder and Managing Director of Ones & Zeros, which was established in 1997. Sandra has over twenty-five years of experience in information technology, with significant consulting experience in the financial services industry. She holds a National Diploma in Computer Science from Wits Technikon, an advanced certificate in IS Strategic Management from the University of Pretoria as well as an executive development programme from Wits Business School.

**Jaco Maritz (35) (Financial Director)**

Jaco is the Financial Director of the Group and joined SDT in 2005. He has been involved in the information technology sector for more than ten years ranging from consulting to structuring of long-term sales transactions, outsourcing, new business initiatives, due diligences and other strategic initiatives. He is a qualified Chartered Accountant and has completed an executive management course at the University of Pretoria.

**ALTERNATE DIRECTORS**

**Rowan Williams (36)**

**Alternate Director to David Smollan**

Rowan is the CEO of i capital Fund Managers (Pty) Ltd. He has extensive experience in the ICT sector having managed the i capital Growth Fund I Trust for the last seven years, a private equity fund with a number of investments in software and related businesses. He holds an MPhil from Cambridge University, a BSc (*cum laude*) from the University of the Witwatersrand and a Chartered Financial Analyst (CFA) designation.

**Sphelele Sangweni (32)**

**Alternate Director to Andile Sangqu**

Sphelele is an investment manager for the investment company Kagiso Ventures (Pty) Limited which focuses on the industrial sector. She is also a non-executive director at Bell Equipment Sales South Africa (Pty) Ltd (BESSA) and a member of the SAICA Education Committee. She is a qualified Chartered Accountant.

**COMPANY SECRETARY**

**Melinda van den Berg (31)**

Melinda has over seven years experience in company secretarial practice and has a certificate in Advanced Business and Securities Law from UNISA.



we remain confident that our strategy will allow us to deliver a significant return on investment and continue to create

& maintain value for all stakeholders

## CHAIRMAN'S REVIEW

**“The key to our success as a Group lies in the development and introduction of innovative products and services to market aimed at meeting the needs of organisations in the financial services sector.”**

The worldwide financial crisis has had a severe impact on most sectors of the global economy, with the financial services sector heavily affected. Global trends that came to the fore last year have accelerated and many countries, especially in Europe and the United States, have entered a period of recession. This has impacted emerging markets, including Africa in general. South Africa in particular has not been immune to this, in spite of the resilience of our financial services and banking sector and a prudent macro-economic policy implemented by government. There has been a marked slowdown in local economic activity. Heightened by high interest rates, we have witnessed a drop in consumer demand, our export sector has contracted sharply, manufacturing output has declined and there has been a falloff in private fixed investment, although this has been offset to a degree by substantial public sector investment in infrastructure.

As a consequence of all these factors, it is not surprising that earnings of companies across the board have been adversely impacted, especially in the financial services sector, where SilverBridge is positioned as a leading provider of software solutions and services. As the effects of the economic crisis cascaded downwards, SilverBridge too has been negatively affected. The Group's results show a decline in profitability for the period under review. However, considering the severity of the economic meltdown, the Group has performed relatively well, maintaining our profitability and adhering to sound business principles and prudent financial management.

The key to our success as a Group lies in the development and introduction to market of innovative products and services aimed at meeting the needs of organisations in the financial services sector. Current trends such as the growth in relationship marketing, the integration of financial service offerings, pressure to reduce administration costs and leverage economies of scale, as well as the use of technology and innovation to bring services to the client have all created new and exciting possibilities for the Group. Our on-going research and development and the introduction of new products will go a long way in enabling financial services providers to, in turn, deliver a portfolio of products to consumers that meet the objectives of reliability, efficiency and affordability.

In addition to South Africa, the African continent as a whole continues to be an area of strategic importance to the Group and our clients. Political stability, maturing democratic traditions and an emphasis on good governance and fiscal responsibility is fast becoming the norm rather than the exception. This makes the continent an attractive destination for foreign capital, and excellent returns are available for investors with an eye for opportunity. There is, consequently, a need for ongoing investment in the financial services infrastructure to support these expanding regional economies, and the Group is well placed to assist our clients in this regard. This serves to further emphasise

the importance with which we view Africa as a strategic contributor to our Group's revenue as well as an area of future growth.

In line with our strategic objective to grow both organically as well as through acquisitions, the Group achieved a significant milestone with the purchase of Ones & Zeros, a specialist provider of IT management consulting services to the financial services sector and selected government departments across sub-Saharan Africa. This move strengthens our service offering, enhances our revenue stream and reinforces our presence on the African continent and in the eleven countries in which we operate.

As a people-centric enterprise, the Group is heavily dependent on a high level of specialised expertise to continue our product development and provide the appropriate levels of implementation, support and maintenance necessary to maintain the reputation for excellence built up over the past fourteen years. The national skills shortage has made it difficult for many companies to attract and retain suitably qualified candidates, especially those from the designated groups, and SilverBridge is no exception in this regard. To counter this trend, we have adopted an employment equity programme that aims to grow and nurture talent from within the organisation. A three-tiered structure has been put in place to ensure that our pool of management resources continues to be filled from candidates from within the ranks of the Group companies who, over time, have learned the intricacies of our business thoroughly and are able to make a valuable contribution and play an integral role immediately on appointment.

Looking ahead, while our intentions are bullish, much will depend on the pace at which current worldwide economic conditions improve and the efficacy of measures adopted to address the global recession. There is little to suggest that the worldwide economic outlook will improve significantly in the short-term, but in spite of these potentially adverse trading conditions, evidence of the underlying resilience of the Group, our clients, -products, -services, -operating philosophies and our people lies in the fact that we have been able to maintain a profitable enterprise during this difficult period. With an eye on the future and the possibilities it holds for sustainable and profitable growth, we remain confident that our strategy will allow us to deliver a significant return on investment and continue to create and maintain value for all our stakeholders – our shareholders, our suppliers, our clients and our employees.

Sincerely

**Andile Sangqu**  
Chairman



providing administration solutions to financial services in Africa is part of the roots of our business

### CEO'S REVIEW

**“Delivering integrated, cost-effective business administration solutions.”**

Our third year of operation as a listed entity has proved to be a demanding one for SilverBridge. Having positioned ourselves as supplier of products and services to the broader financial services industry and therefore dependant on organisations and enterprises in this sector for our continued growth and profitability, the challenging conditions under which they currently operate and measures adopted to counteract these adverse circumstances, have impacted negatively on our performance.

Yet, in spite of the global recession that is severely affecting the larger, more developed economies of the world, the countries on the continent in which we conduct our operations remain remarkably resilient, a factor which has, to some extent, mitigated the potentially harmful effects of the global economic crisis on our Group's performance.

SilverBridge continues to work towards assisting financial services providers across Africa to deliver a portfolio of products to the man in the street at an affordable price by offering integrated, flexible and cost-effective business administration solutions. To this end, we remain committed to directing our considerable financial and human resources in pursuit of this goal.

### Highlights

The financial year ended 28 February 2009 proved to be challenging for SilverBridge, although a focus on annuity and rental income has proved to be a sound strategy for the Group. Revenue has increased in the face of tough trading conditions, although substantially increased costs as a result of higher operating expenses have impacted negatively on profitability compared with the previous year.

### Our key indicators for the period are:

- revenue up by 17.9% to R70.568 million
- operating profit: R9.268 million
- profit for the year: R6.200 million attributable to equity holders of the holding company
- earnings per share: 18,70c

### Strategic Focus

As an established supplier of niche business application software solutions for the financial services market in

South Africa and ten other African countries, our ability to manage software development and implementation together with solid BEE credentials positions the SilverBridge Group as a preferred supplier of software solutions to the financial services sector across the continent.

**“Our creative capabilities enable our clients to stay ahead of their competition with products and services for a new generation.”**

**Gawie Erasmus**

In the prevailing difficulties of an uncertain economic climate in Africa as well as across the globe, the Group has adopted a cautious approach with regard to organic growth, financial management, cost containment and the pursuit of acquisitions as a driver of growth.

To ensure sustainable and continuous profitability, we intend to focus on forging strategic alliances, developing enterprises and building partnerships across the continent. As our competence lies in the ability to design a portfolio of products and services aimed specifically at the financial services sector, we aim to outsource elements of our product development cycle and enter into appropriate outsourcing agreements as a business model to drive further expansion in our target markets. In this way, the Group will benefit from the readily available essential expertise while conserving capital and freeing up resources to focus on our core business.

We will use our competitive advantage of a highly customised service that is business-case driven and price-competitive to grow our market share in Africa by following our clients and partners as they establish themselves and make significant inroads in their chosen markets. We also aim to develop our enterprise clients and continue to build strong partnerships that will contribute to a sustainable future for the Group and our clients.

**“Change, even a downturn such as the one we are now experiencing, presents opportunities. SilverBridge is ready to assist clients to unlock the opportunities today presents – allowing all our stakeholders to embrace the new financial world.”**

**Freda du Toit**

## CEO'S REVIEW

### Creating value

In delivering value to all our stakeholders, SilverBridge follows a dual approach. Firstly, we develop products that create value by producing assets that generate an independent revenue stream through annuity income. Secondly, we derive income from services-driven revenue that includes once-off implementation projects and annuity type support. Our long-term aim is to develop services with annuity, including software skills, in business analysis, project management, testing and integration to maintain and support our clients' applications.

As our focus lies in the area of consulting services, system integration and portfolio applications, as a longer term goal, we envision the establishment of strategic outsourcing agreements with partners in targeted vertical markets including banking, life assurance, employee benefits, short-term insurance and lending, as key to future revenue growth.

### Prospects

The structural adjustments in the local financial services industry and the convergence of financial services products continues to create a growing market for software in this sector, particularly for quality niche software applications. The growth enablers for the Group in this industry will be strategic consulting, business process consulting, system implementation consulting, software integration services and hardware supply.

We packaged our software and services to meet the need of the different sectors of the market:

- for a company which requires a rapid implementation with a high level of implementation support and on-going maintenance, *Express* is built for speed. Typically, it takes just two weeks for implementation and is fully supported by SDT.
- *Evolution* offers the ideal balance between speed and flexibility, taking six months from start to implementation.
- *Autonomy* has been designed with the large financial services organisations in mind that are typically largely self-reliant and self-supported and only use our system components.

Although we have seen a postponement of buying decisions in the period under review, we have also witnessed

the emergence of niche players in the market that have identified opportunities and are considering investing in the systems required to support these, once the current downturn has reached its end.

Niche players in South Africa are already seeing opportunities to increase their market share in the current financial situation and are beginning to move to beat their bigger, less flexible competitors. We have noted that requests for information and proposals from the African countries in which we operate have, if anything, shown a marked increase. This indicates that the products and services that we market into countries like Angola, Nigeria, Kenya, Malawi, Namibia, Mauritius, Swaziland and Lesotho are proving themselves by creating tangible value for our clients in improving operational efficiency and leveraging economies of scale. We have also noted significant expressions of interest from Zambia and Zimbabwe. It is also indicative that the economies of African countries and the financial services companies operating within those territories remain overwhelmingly positive and upbeat about their economic prospects, if not immediately, then certainly, in the medium to long-term. All of this bodes well for SilverBridge and our prospects in the year ahead.

### Corporate Social Responsibility

As one of the pillars of good corporate governance, the SilverBridge Group recognises the importance of social responsibility as an integral component of good corporate citizenship. Any company or enterprise is obligated to give something back for the greater good of society and to this end we continue to provide support both at a financial level as well as from the skills building perspective.

In addition to supporting several charitable functions and fund raisers during the year, as part of our ongoing commitment, the following projects remain at the centre of our CSR programme:

- The People's Upliftment Project is a non-profit organisation that has developed a holistic approach to helping underprivileged communities in Pretoria and surrounding areas, making a real difference to the lives of people who, through no fault of their own, are unable to help themselves.
- Future Forward is an organisation dedicated to provide support to less fortunate school-leavers such as orphans,

who often find themselves without the necessary backing when entering adulthood. This initiative promotes personal development programmes in employment and in tertiary education environments that will hopefully culminate in these individuals achieving a greater degree of personal, material, social, vocational and emotional independence.

- Eagles Nest Home for Orphans is a crèche and school for AIDS orphans in Soweto, which SilverBridge helps to ensure the financial sustainability of.
- The SDT Academy skills building initiative has been run in-house every December since 2000 at our offices with the objective of improving computer literacy among previously disadvantaged individuals, thus equipping them with knowledge and practical abilities that can significantly improve their employment and career prospects.
- We are supporting a new business venture Muholi Global Technologies (MGT), started in 2007 by Linda Mkhize. Linda had been operating the business on a part-time basis until we enabled her to position this as an independent company by providing her with funding for the first year of business. This is backed up by our professional advice and training, thus ensuring a well managed, trustworthy business focusing on its clients. MGT delivers website design, development and implementation for companies in all sectors of the economy – delivering a total end-to-end solution by including hosting services and maintenance plans.

### Black Economic Empowerment and Employment Equity

Transformation and empowerment in the South African context is arguably well entrenched and our society reflects a changed landscape where ownership and interests are spread equitably across all sectors of our population and opportunities are available to all.

As a level five BEE contributor with a rating of 56 out of a 100 on the BEE scorecard, from an ownership and equity perspective throughout the Group from board level downwards, our organisation truly reflects the diversity of our country and our society, with a diversity of culture and gender representivity clearly in evidence. This cultural richness has created a platform for a wide range of

viewpoints and strategic input which has not only enhanced our status as a BEE enterprise, but has enabled us to add significant value at all levels in our organisation, supporting the expansion of our African footprint and enabling us to benefit from new business development opportunities.

Indicative of the changing nature of our society is the scarcity of skills, especially among individuals from groups considered to be previously disadvantaged. Recruiting and retaining people from this sector thus remains a challenge. To meet this need, the Group has embarked upon a programme of identifying suitable candidates with potential from within our ranks, and implemented a structured training and mentoring programme. In this manner, we have access to a large number of talented, qualified and highly capable individuals that are incentivised with the prospect of structured career progression, and at the same time, have a pool of capable and experienced managers on hand to support our future growth.

### Conclusion

The SilverBridge Group is a flexible, adaptable and resilient enterprise that has proved its ability to retain its blue chip client base, grow its revenue through product development and market expansion, and implement strategies that work in extremely adverse global economic conditions.

With a strong order pipeline in place, income-led capacity building, the postponement of acquisition growth and the establishment of strategic partnerships and outsourcing agreements, we remain bullish about the future of our Group and the markets in which we operate. We are confident that we can continue to create value, generate sustainable revenue and deliver a solid return on investment for all our stakeholders.

I would like to thank our clients and all our staff for their support during the last year. It was not an easy year but their spirit and goodwill still made it a good year on which we can build in the future.

Sincerely,



**Jaco Swanepoel**  
CEO



we bridge the gap between

possibility  
and  
technology

### Group profile

SilverBridge offers the providers of financial services integrated, flexible and cost-effective business administration solutions. The Group operates currently through two subsidiaries: SDT, specialising in life and employment benefit administration software and Ones & Zeros offers consulting services to financial service institutions. The Group's strategy is to expand into the other pillars of financial services and over the medium term, specifically into short-term insurance administration and loans administration software. The Group's vision is to enable financial services providers to offer a portfolio of products to the man in the street at an affordable price. The Group measures performance across five operating segments; being implementation, support, software rental and consulting as well as research and development. The support and rental revenue segments deliver annuity revenue.

### Financial review

The Group was successful with the integration of the Ones & Zeros acquisition which contributed 25% to revenue. The annuity revenue from the rental and support segments in SDT increased by 29% to improve the already sustainable income base of the Group. The year proved to be challenging for SDT as the decision cycles of clients were prolonged and projects were extended into our new financial year. The delay in decisions decreased implementation revenue by 42%. This, however, created a solid order base for the new financial year. The reduced implementation requirements helped us to limit the increase in expenses to 4.9% (excluding costs added through the acquisition). We could have reduced our expenses further but preferred to preserve our delivery expertise in line with our positive outlook. The performance of each segment is detailed under the section on segmental performance. The table below provides a high level view of the Income Statement.

### Income Statement highlights

Key results	Growth %	2009 R'000	2008 R'000
Revenue	17.9	70 568	59 865
EBITDA	(19.3)	11 961	14 825
Operating profit	(31.2)	9 268	13 468
Profit for the year attributable to equity holders of the holding company	(36.8)	6 200	9 807
Earnings per share (in cents)	(38.0)	18.70	30.18
Headline earnings per share (in cents)	(37.9)	18.78	30.26
Weighted average number of shares (in millions)	2.0	33.150	32.491

The Group delivered results that were 38% below the corresponding period's performance on earnings per share and on headline earnings per share irrespective of an increase in revenue. This is mainly attributed to the performance of SDT creating capacity and not realising the corresponding revenue timeously. The inclusion of Ones & Zeros in line with the IFRS statement on business combinations created an intangible asset relating to contracts which are amortised over the period of the contracts. This abnormal amortisation had an effect of 1.36 cents on earnings per share and headline earnings per share and contributed 4.5% to the decline in earnings. The consulting segment revenue created by Ones & Zeros contributed positively to the performance of the Group.

The Group maintained an annuity revenue level of 46.6% of revenue for the financial year and expects to maintain that level in the short-term.

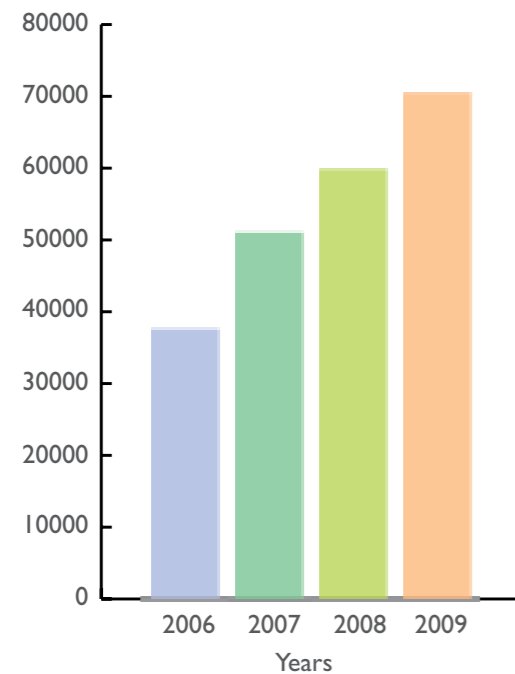
The Group will remain conservative and prudent especially given current economic circumstances. A strong income led approach is followed and capacity and costs will only increase once there is a reasonable certainty that contracts will be concluded. This will, however, not be done to the detriment of the intellectual capability, delivery capability and sustainability of the Group. Client service and experience and the retention of clients will remain, especially in these circumstances, a key focus of the Group.

### Balance Sheet summary

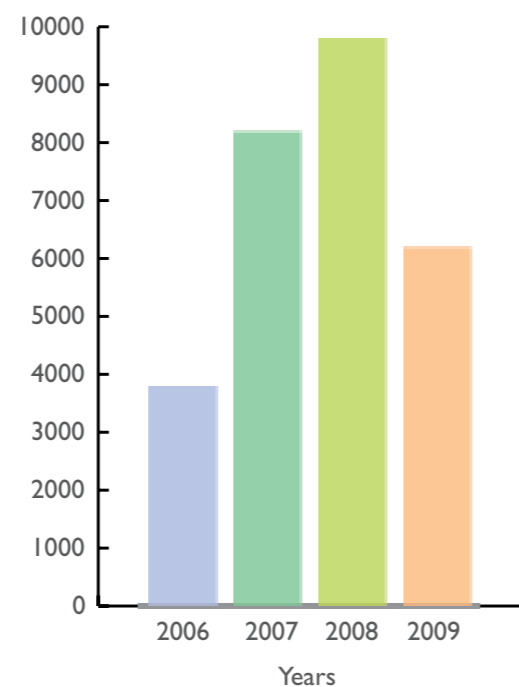
	2009 R'000	2008 R'000
Plant & equipment	1 643	2 040
Intangible assets and investments	22 814	11 708
Deferred taxation asset	2 844	2 634
Income tax receivable	4 512	3 164
Revenue recognised not yet invoiced	1 221	6 976
Trade & other receivables	16 896	11 328
Cash & cash equivalents	16 098	12 631
<b>Total assets</b>	<b>66 028</b>	50 481
Equity	43 244	32 968
Trade & other payables	19 653	12 794
Deferred revenue	1 595	3 282
Provisions	1 536	1 437
<b>Total equity and liabilities</b>	<b>66 028</b>	50 481

## OPERATIONAL REVIEW

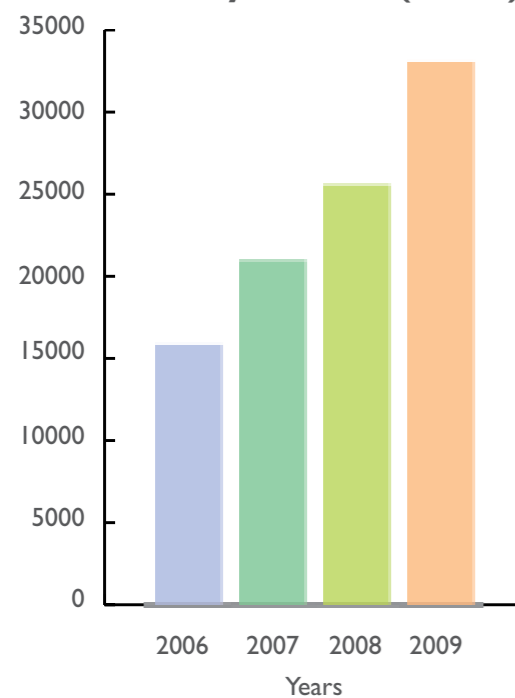
**Revenue (R'000)**



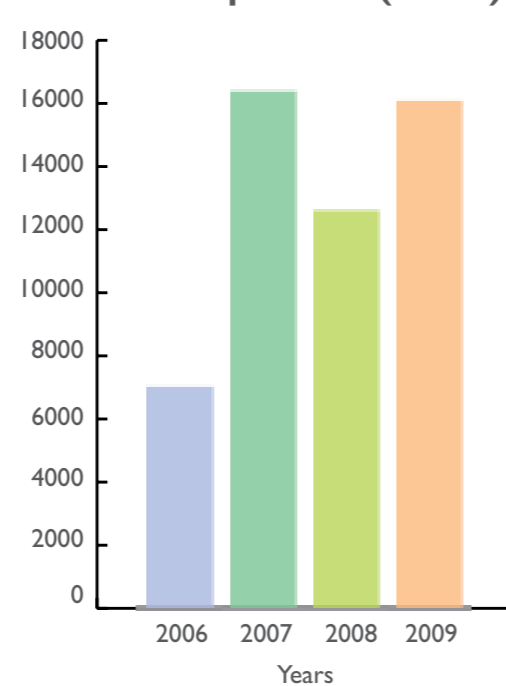
**Profit for the year (R'000)**



**Annuity income (R'000)**



**Cash position (R'000)**



The Group's cash position of R16.098 million remains strong and has improved significantly from the interim period's reported cash position of R5.831 million. However, the level of accounts receivables has increased above normal levels mainly as a result of abnormal last month invoicing and delayed client payments. We believe that the accounts receivables are fully recoverable. We have, however, in line with our prudent approach and IFRS, made a fair value adjustment of R379 991. The accounts receivables position creates an opportunity to improve the cash position of the Group further and cash collection remains an important focus.

The board of directors of the Group, taking into account the current uncertain economic circumstances and from a conservative approach will not recommend for approval by the shareholders, a final dividend or capital distribution for the year. Should the Group be able to continue generating cash as planned and the circumstances warrant a less prudent approach, the Group will utilise surplus cash in financing growth by acquisitions which remains a focus and part of the strategy or we will return the cash to the shareholders.

Investments are made in plant and equipment in the form of information technology infrastructure but the Group maintains the policy of not investing in other physical assets such as buildings.

The Group is following a policy of reinvesting into its products and processes but remains prudent in capitalising these costs as intangible assets. Investments in software products are only capitalised where there is a proven business case for a reasonable return. SDT has created client service enhancing tools in the year under review, improving the user experience and productivity. Capitalised development costs have therefore increased from R822 000 in 2008 to R1.435 million for the year, bringing total development costs capitalised to date to R5.869 million.

### Segmental performance

#### Revenue model

The revenue model of the Group is based on the principle of increasing annuity revenue. SilverBridge owns the software and is not a reseller of third party software. The return on this intellectual property is in the form of software

rental and maintenance income meaning the client rents the software from SilverBridge. This rental is priced on a volume model with formulas based on the number of policies administered on the system. The rental model enables us to offer a model that will suit clients' requirements in the different stages of their business development. The rental only starts once a system has been implemented and customised for the client. SilverBridge has extensive intellectual property, knowledge and experience in business processes which is utilised in the system implementation process or consultancy prior to implementation. We receive once-off implementation income from these engagements. Subsequent to initial implementation we support the client and receive monthly contracted support income. As part of the support, the clients request additional customisation, changes and functionality. The figure below illustrates the revenue model schematically.

The acquisition of Ones & Zeros added business process and implementation consulting capability to the Group's offering and completes the revenue model. In some cases consulting revenue creates implementation revenue and makes it more sustainable.



### Consulting segment

The revenue of R17.5 million from this segment is generated by Ones & Zeros and only relates to eight months of the revenue included from the effective date of the acquisition. The segment reported a profit of R5 million. The margin of 28.6% contributes positively to the Group's performance and the positioning of the offering should increase the revenue and profit percentage

## OPERATIONAL REVIEW

over a period of time. The full year results for Ones & Zeros was R22.2 million on the revenue line and R8.7 million on operating profit.

### Implementation segment

The implementation income is a once-off income per engagement and has to be sold on a continuous basis. The affects of the challenges the Group experienced mainly results from this segment. This is evident in the reported revenue of R20 million and profit at R9.8 million compared to R34.2 million and R22.3 million respectively in the comparative period. This represents a decrease of 41.7% in revenue, as sales transactions and projects were postponed while capacity and costs were maintained reducing the segment margin to 49.3%.

### Support segment

Support income is monthly contracted income and is annuity based. However, the support income varies as the requirements of the client changes and reduces per client as a client matures in the use of the system and the system becomes embedded in the client's business and processes. Support income grows slowly over time and margins are lower than on other income lines. Supporting the client is a focus area of this segment and this revenue line supports the other revenue lines. The reported revenue is R11 million with a segment profit of R3.8 million representing a segment profit margin of 34.3% which is slightly below the normal range of 38% for this segment.

### Rental segment

Rental income is policy based and annuity based income. Rental income grows slowly over time but is received year on year as long as the client uses the system. This revenue line creates a sound base for the Group to grow. The Group has grown its rental and maintenance revenue to a reported R22.1 million from R15.6 million in the comparative period. This represents an increase of 41% creating a sound annuity base for the Group to sustain profitability to some extent as some revenue lines decrease.

### Research and development

We are following a policy of reinvesting into the products and intellectual property of the Group on a continuous basis. The research and development ranges from investment

in the software products as well as tools supporting the product and industry specific operational processes. Costs allocated to research and development amount to R10.8 million of which R1.4 million was capitalised as intangible assets resulting in the reported R9.4 million. We are prudent in capitalising development costs and follow a process of evaluating the required return based on additional revenue specifically relating to an investment, before capitalising the cost. Current investments support the system and increase functionality but do not necessarily create additional revenue in isolation.

### Corporate actions

#### Ones & Zeros

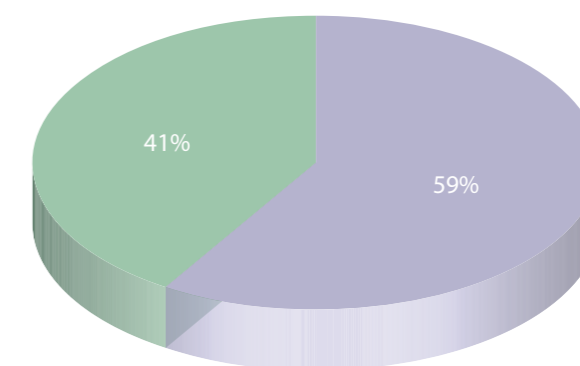
Shareholders are referred to the SENS announcements dated 18 June 2008 and 3 July 2008, regarding the acquisition of 51% of the shares in Ones & Zeros Professional Services (SA) (Pty) Ltd ("Ones & Zeros"). SilverBridge acquired 51% of the equity of Ones & Zeros on 1 July 2008 for R12.3 million after performance guarantees had been taken into account. The purchase price was settled through a cash payment of R2.773 million and by issuing 990 401 SilverBridge shares at an issue price of R2.75 a share. The balance of the purchase price is payable 50% in cash and 50% by the issue of SilverBridge shares. SilverBridge has a call option to buy the remaining 49% on similar terms to the original transaction. The minority shareholders of Ones & Zeros have a put option on similar terms. Ones & Zeros' primary business is systems implementation consulting in the banking sector, while SDT has its own software solutions for the life assurance market. The skills base of Ones & Zeros enables SilverBridge access to the consulting sector of the life assurance and banking market, while Ones & Zeros is now able to expand its offering further into life assurance.

### Group Company performance

#### SDT

SDT has repositioned itself due to the changes in the economic landscape, competition and market requirements. The company has organisationally aligned and restructured with the objective of improving client service, packaging its services for different markets and improving the sales

## THE SILVERBRIDGE FOOTPRINT



2009 Geographic spread – Revenue (R'000)

South Africa	R41 632 (59%)
The Rest of Africa	R28 936 (41%)

and delivery approach to tangibly demonstrate the value proposition offered to the market. The repositioning ensured a stronger sales pipeline and cost saving benefits entering the new financial year, irrespective of the performances for the current financial year. The company was also successful in converting the stronger position into key transactions after year end. The annuity revenue base creates a platform for growth and this will remain a key focus of the company. This enables the company to become a long-term partner of clients. Given the current economic circumstances the company will, however, remain conservative in creating more capacity and incurring expenses irrespective of the initial positive sense of its position.

### Ones & Zeros

Ones & Zeros is well positioned in the banking consulting market, specialising in aligning business strategy with information technology strategy. The company has established itself as a future key role player in this market. It has had a successful financial year of which eight months are included in the SilverBridge performance, although it only focussed on limited key accounts in the past financial year. The business will drive expansion of its footprint in the market, primarily in South Africa but with exploitation of opportunities arising in Africa in line with the SilverBridge strategy. A key component of the business plan will remain on delivering on the objectives of contracts currently in progress and the management of existing client relationships through continuous value add.

**“The key to Ones & Zeros success is our ability to do big company thinking with small company implementation.”**

**Sandra Duetsch**

### BEE

Kagiso Trust Investments (Pty) Ltd and Amabubesi Capital Information Technology (Pty) Ltd, a subsidiary of Amabubesi Capital, remain key shareholders in the business. Their collective shareholding will reduce slightly as a result of the Ones & Zeros acquisition once the final issue of shares has been effected. The Group focussed on the other pillars of BEE and has made progress on all of these. Management control and employment equity remains the major challenge in this regard. The Group's current BEE status is level 5, which is classified as a 80% contributor. The Group is currently in the process of implementing a learnership and internship programme which will improve its position to a level 4 contributor in the short-term.

### Employees

The Group employs 115 people and through organic and acquisitional growth we expect this number to increase substantially. Once again we have used our clients as the faces in our annual report because we believe that they are with our employees, the cornerstone of the business. The picture below is a drawing created by the employees of SDT and



Artwork created by SilverBridge staff 2008

Ones & Zeros and depicts what we believe the Group stands for. SDT and Ones & Zeros each has its own culture and values and we envisage that each operating subsidiary will retain its own identity, culture and values. The Group companies also subscribe to the values of SilverBridge.

### Business plan execution

The impact, although still uncertain, of the current economic downturn and financial crises has been a major theme of the operational and financial plans. The Group has adopted very specific approaches and actions to mitigate some of the risks the current conditions pose, especially for a small growing Group such as SilverBridge. The current economic circumstances do, however, create opportunities for the Group as well, if correctly positioned. Positioning and investing are therefore important factors in the operational plans of the Group. The challenge for management is to create a balance between being conservative while remaining opportunistic with due consideration at all times of the risk exposure of the Group.

The vision of SilverBridge is to enable financial services providers to deliver a portfolio of products at an affordable price. The Group plans to deliver on this vision by focussing on three major requirements in the market:

- reducing administration costs through ensuring sustainable cost savings in businesses by ensuring that clients receive returns on low margin products with high volumes;
- providing one platform to administer various products. SilverBridge is focussing on the life insurance market through SDT and banking through Ones & Zeros. It is the strategy to expand to include software and consulting to other financial product providers; and
- innovation to bring service closer to the end client of financial service providers.

The approach followed by SilverBridge to manage some of the challenges the current environment poses includes:

- focussing on building relationships with partners to form virtual extensions of service closer to the client;

- adopt an income led approach to capacity building;
- remain focussed on the existing clients;
- synchroonise our sales strategy with replacement cycles; and
- delivering to the identified key markets of growing segments in Africa.

The acquisition strategy has also been affected by the challenges of raising capital in the current financial market. The Group will, however, remain focussed on identifying and pursuing the right opportunities. The focus will shift in order to maintain and build on relationships with key companies.

### In summary

The Group remains positive with regard to the outlook for the next financial year. The inclusion of Ones & Zeros in the Group unlocks new opportunities in the life assurance and banking sectors. The sales pipeline of SDT remains strong especially in the medium size market. The current crisis mentality in the financial markets might slow down decision making in our market in the short-term, but no clear trend is emerging yet. In the medium-term, the structural adjustments and economic pressures in the local and international financial services industry continue to create a sound market for the Group. The pressure on costs creates a demand for quality niche software applications that support companies in driving down cost structures and increasing their ability to be competitive. The economic development in Africa and resultant evolution of financial services still presents an exciting opportunity for well positioned solution providers, and the Group expects continued growth on the continent. The Group is constantly seeking out reputable companies for acquisition and incorporation into the Group, in order to expand and grow the SilverBridge footprint.

**“Our annuity revenue model creates a sound base for us to grow.”**

**Jaco Maritz**



The board is committed to the presentation of good governance set out in the

## King II Report on Corporate Governance

### CORPORATE GOVERNANCE REPORT

#### Credibility through corporate governance

A major component of the vision and strategy of the Group is to build credibility. The Group is committed to build credibility not only in the product and service delivery but also in the sustainability of the business. A cornerstone of building this credibility is sound corporate governance and transparency.

The board, its committees and our employees reaffirm their commitment to the principles and cornerstones of sound corporate governance.

#### Compliance with the provisions of the King II Report on Corporate Governance

The board confirms that the Group has, during the financial year under review, complied with the material aspects of the principles of the Code of Corporate Practices and Conduct contained in the 2002 King Committee Report on Corporate Governance (King II) except where otherwise indicated. The principles were applied appropriately and consistently.

The following instances of non-compliance are highlighted and more fully discussed in the Corporate Governance Statement:

- board composition of only one independent non-executive director also affecting the composition of the audit committee and remuneration committee; and
- internal audit function due to the size of the Group.

#### Compliance with the JSE Listings Requirements

The board confirms that the Group has, during the financial year under review, complied with the regulations in terms of the JSE Listings Requirements.

#### Compliance with the Companies Act 61 of 1973 and the Corporate Law Amendment Act 24 of 2006

The board confirms that the Group has, during the financial year under review, complied with the Companies Act 61 of 1973 and the Corporate Law Amendment Act 24 of 2006, requirements save for the instances highlighted in the report.

The board wishes to report in greater detail on the following:

#### Board of Directors

The board is the primary axis of the Group's corporate governance system. The board is ultimately accountable and responsible for the key governance processes as well as the performance and affairs of the Group.

#### Board charter

A board charter, which regulates how business is to be conducted by the board in accordance with the principles of good corporate governance, was adopted. The board reviews and updates the charter annually.

The following terms of the charter are highlighted:

- It specifically stipulates a clear division of responsibilities to ensure a balance of power and authority, ensuring that no individual or block of individuals has unfettered powers of decision making or can dominate the board's decision taking.

#### Board composition and board meetings

SilverBridge has a unitary board structure, which comprises six non-executive directors, of which one is independent, one acts as chairman and three executive directors.

The roles of the chairman and Chief Executive Officer (CEO) remain separate. The chairman, a non-executive director, leads the board; while executive management is the responsibility of the CEO.

The board is responsible for the effective management and control of the Group and sets the strategic direction and policies of the Group.

A minimum of five board meetings are scheduled per financial year whereby the board participates in, but is neither restricted nor limited to, the following:

- transactions and disposals;
- strategic and key issues;
- evaluation of risks, industry and business related;
- quarterly operational performance;
- approval of major capital expenditure;
- oversight of financial and administrative activities;
- approval of financial statements;
- election of members to board committees;
- payment of dividends; and
- any other matters that may materially impact on the business of the Group.

Additional board meetings are convened on an *ad hoc* basis if and when required.

Further detail on board meetings attended during the financial period under review is available on page 31.

In addition to the board meetings, the board annually convenes strategy meetings with executive management in order to determine strategic direction and to consider plans proposed by management for the achievement

thereof. Progress against the strategic plan is monitored by the board on a quarterly basis.

The board of directors as a whole brings a wide range of diverse insight, skills and experience to the board. The board leads and controls the Group with the assistance of a strong management component. It further strives to reconcile the elements of an established Group purpose, values and stakeholders at all times.

The boards of the Group's subsidiaries are similarly constituted with an appropriate mix of skills, experience and diversity. There is also an appropriate mix between executive and non-executive appointments, some of whom are independent.

The composition of the board and changes in the directorate during the financial year under review are more fully detailed on page 42 to 43.

### Rotation of the directors

The rotation of directors is more fully governed in terms of articles 83 - 86 of the Articles of Association of the Company. One third of the directors shall retire from office at the AGM. The retiring directors at each AGM shall be those who have been longest in office since their last election or appointment. A retiring director shall act as a director throughout the meeting at which he retires. The retiring directors shall be eligible for re-election. All retiring directors have elected to stand for re-election.

### Chairman

The chairman is a non-executive director and is responsible for appraising the performance of the CEO at least once a year. Alternatively, depending on the specific situation, a sub-committee appointed by the board will be responsible for conducting an appraisal of the performance of the CEO. The chairman's performance is evaluated on an annual basis.

### Executive directors

The executive directors are intimately involved in the day-to-day management and operation of the Group's activities and are in the full-time salaried employment of the Group. All executive directors have employment contracts. The board is in the process of establishing service agreements with these directors.

The executive directors are individually mandated and held accountable for:

- the implementation of the strategies and key policies determined by the board;
- managing and monitoring the business and affairs of the Group in accordance with approved business plans and budgets;

- prioritising the allocation of capital and other resources; and
- establishing the best management and operating practices.

### Non-executive directors

The non-executive directors are not involved in the day-to-day management of the Group nor are they full-time salaried employees of the Company or its subsidiaries. All the non-executive directors are individuals of high caliber and credibility, as is evident from their abridged CVs on page 9. They have the necessary skills and experience to bring judgment to bear, independently of management, on issues of strategy, performance, resources, transformation, diversity and employment equity, standards of conduct and evaluation of performance.

### CEO and delegation of authority

The CEO is tasked with the running of the business and the implementation of the policies and strategies approved and adopted by the board. The board's governance and management functions are aligned through the CEO. All board authority conferred on management is delegated through the CEO. The accountability of management is considered to be the authority and the accountability of the CEO.

Appropriate and consistent controls and processes are in place within the Group and are communicated to management to ensure the monitoring of the application of levels of authority throughout the Group particularly in the following areas:

- human resources;
- capital expenditure;
- procurement; and
- contracts

### Board remuneration

The remuneration of the board, executive members and employees is fair and market related. The board, with the assistance of the remuneration committee will maintain such remuneration to attract suitable employees and board members, with due consideration of the return to stakeholders. The board is in the process of structuring the remuneration of directors so that a large proportion is performance related to align directors' interest with that of shareholders.

Further detail on board remuneration for the financial period under review is available on page 83.

### Training and updating the knowledge of directors

Directors are supplied with the information necessary to discharge their responsibilities individually, as a board, and in certain instances, as board committee members. All new directors are engaged in a formal orientation procedure.

All directors have unfettered access to management, the Company Secretary and to all company information, records, documents and property that they may require in the fulfilment of their duties. Directors are entitled to seek independent and professional advice relating to the affairs of the Company.

The Company Secretary is responsible for providing the chairman and directors, both individually and collectively, with advice on corporate governance, compliance with legislation and the JSE Listing Requirements.

We are committed to providing continuing professional development training opportunities to our directors and officers.

### Board responsibilities

The board's main responsibilities include:

- strategy;
- acquisitions;
- disinvestments;
- risk management;
- financing;
- implementation of the BEE principles; and
- corporate governance.

In addition, the board is responsible for relationship management with stakeholders and is accountable for creating, protecting and enhancing the Group's wealth and resources, timely and transparent reporting and for acting at all times in the best interests of the Group and its shareholders.

The CEO is responsible for reviewing the content and implementation of the authorised delegation of functions and authority and must regularly report thereon to the board.

### Board committees

The board has established four standing committees to enable it to discharge its duties properly and to ensure the economic viability and sustainability of the Group. The board committees are constituted with sufficient non-executive representation. The board committees will be subject to regular evaluation by the board to ascertain their level of performance and effectiveness.

The four committees are the following:

- Audit Committee;
- Remuneration Committee;
- Nomination Committee; and
- Investment Committee.

### Audit committee

#### Internal, financial and operating controls

The board is ultimately responsible for the internal, financial and operating systems of the Group and for monitoring the effectiveness of these systems. These systems are designed to provide reasonable assurance against material misstatement and loss. The established audit committee monitors these systems and advises the board on any adaptations that may be required in order to meet changing business circumstances.

The audit committee has adopted an approved terms of reference. All responsibilities in compliance therewith during the financial year under review were met. The terms of reference are reviewed to ensure these remain in line with current trends and developments relating to audit committees.

The audit committee is responsible for assisting the board in the implementation and monitoring of reasonable safeguards in respect of the unauthorised use or disposal of Group assets, compliance with relevant legislation and regulations and the maintenance of proper accounting records, as well as for advising the board on the appointment of external auditors. They are further responsible for monitoring the effectiveness of risk management, controls and governance processes.

The audit committee is also responsible for dealing with concerns or complaints relating to:

- accounting policies;
- internal audit;
- the audit and content of the Annual Financial Statements; and
- internal financial controls.

#### Evaluation of the Annual Financial Statements

The audit committee have reviewed and discussed the annual financial statements with the independent external auditors and Financial Director. Based on the information provided to the audit committee, the committee is satisfied that the Group complies, in all material respects, with the requirements of the Companies Act 61 of 1973, the Corporate Law Amendment Act 24 of 2006 and International Financial Reporting Standards (IFRS).



we strive to build  
**credibility**  
with our  
**clients**  
and the  
**investment community**

The audit committee agrees that the adoption of the going concern premise was appropriate while preparing the annual financial statements for the year ending 28 February 2009. The audit committee has therefore recommended the adoption of the annual financial statements by the board at a meeting held on 24 April 2009.

#### **Financial Director**

The audit committee has satisfied itself as to the appropriateness of the expertise and experience of the Financial Director.

#### **External auditors**

The audit committee meets separately with the external auditors without other board members or management present, at least once a year. The audit committee confirms that they have nominated the auditors for re-appointment and that the proposed appointee acts independently.

#### **Non-audit fees**

The audit committee set the principles for recommending the use of the external auditors for non-audit services. The audit committee and board approved the following non-audit fees during the financial year under review:

- a fee of R70 000 for the preparation of an Independent Reporting Accountants Report in the event that an acquisition occurs; and
- a fee ranging between R30 000 and R50 000 for a tax opinion on the Share Incentive Scheme.

All non-audit services remain subject to negotiation by management and the auditors. In the event that the above services exceed the pre-approved amounts, it will be reviewed and re-approved by the audit committee.

#### **Annual audit fees**

The approved normal annual audit fee for the financial period under review amounted to R470 100 with once-off items of R120 000 additional to the normal audit fee.

#### **Meetings**

The audit committee is required to meet at least twice a year. The chairman of the board, the CEO, the Financial Director and any other board member have the right of attendance of the audit committee meeting as an invitee.

The chairman of the audit committee, or in his absence, the other member of the audit committee, will attend the AGM to answer questions falling under the mandate of the audit committee.

Further detail as to the attendance of the meetings is available on page 31.

The board acknowledges the importance of a strong audit committee with responsibility for ensuring the overall effectiveness of corporate governance within the Group.

#### **Members**

Although not currently compliant, the board acknowledges that the Companies Bill 61 of 2008 and the Corporate Law Amendment Act 24 of 2006, requires the audit committee to have at least two independent non-executive directors appointed as members of the audit committee. The board further supports the principle of independence in order to maintain corporate division of power and negotiations. Our minority shareholders' interests are, however, protected at all times by a strong presence of a majority of non-executive directors.

The current audit committee comprises of Jeremy deVilliers as independent chairman and non-executive director and David Smollan as member. The board considered David Smollan as non-executive director and concluded that, although not independent by definition, he acts satisfactorily independently in all his decision making in the Group.

The board will reconstitute the audit committee as soon as additional independent non-executive directors have been appointed.

#### **Remuneration committee**

The remuneration committee, with approved and adopted terms of reference from the board, determines the specific remuneration packages for each of the executive directors, incentive arrangements, profit participation and benefits of the executive directors and executive management. The remuneration committee consults from time to time with the CEO where the remuneration of other executives is concerned. The CEO plays no part in decision making regarding his own remuneration.

The remuneration committee is responsible for ensuring that the levels of remuneration are sufficient to attract, retain and motivate executives of the competence required for high-level management and key personnel positions. It is also responsible for measuring the performance of the executive directors in discharging their functions and responsibilities. It also plays an integral part in the succession planning, particularly in respect of the CEO and executive management.

Remuneration is performance based and is designed to provide incentives for directors and staff to perform at the highest operational levels.

#### **Meetings**

The remuneration committee is required to meet at least twice a year. The chairman of the board, the CEO, the financial director and any other board member have the right of attendance of the remuneration committee meeting as an invitee.

## Members

During the financial period under review, the remuneration committee comprised of Jeremy de Villiers, an independent non-executive director; appointed as chairman of the remuneration committee and Nthabiseng Mokone, as member.

Further detail on attendance of the remuneration committee meetings is available on page 32.

## Nomination committee

The nomination committee acts within the scope of approved and adopted terms of reference from the board. The nomination committee has been established by the board to act in the capacity of a Group nomination committee.

Its primary purpose is to ensure that the procedures for appointments to the board are formal and transparent, by making recommendations to the board on all such appointments.

## Members

Although not constituted as recommended in King II the nomination committee, in its members, possesses the necessary care and skill to fulfil its role properly. Jaco Swanepoel as CEO and Andile Sangqu as chairman of the board constitute the nomination committee. Andile Sangqu as chairman of the board also acts as chairman of the nomination committee.

Details as to the attendance of the nomination committee meetings are available on page 32.

## Investment committee

The Group's investment committee has been established by the board of SilverBridge to consider investments proposed by management with regards to the Company and its subsidiaries, and to make such recommendations as it considers appropriate in this regard to the board. The investment committee functions independently from the board but under an approved terms of reference from the board.

The primary purpose of the investment committee is to consider projects, acquisitions and the disposal of assets in line with the Group's overall strategy.

The responsibilities and duties of the investment committee include but are not limited to:

- considering commitments, acquisitions or disposals in line with the strategy of the Group;
- changes in the scope of projects;
- performing such other investments related functions as may be designated by the board from time to time;
- considering the viability of capital projects and/or acquisitions and/or disposals and the effect these may have on the Group's cash flow, as well as whether it fits the Group's overall strategy; and

- ensuring that the due diligence procedures are followed when acquiring or disposing of assets.

## Members

The committee comprises of Jeremy de Villiers as chairman, David Smollan and Freda du Toit as members.

Details as to the attendance of the investment committee meetings are available on page 32.

## Risk management

The Company is in the process of formalising all its risk management policies, which will be clearly communicated to all employees. The board as a whole currently performs the risk assessments of the Group. The audit committee currently oversees the risk management of the Group.

## Internal audit

Due to the present size of the Group, an internal audit function has not yet been established. This will be remedied as soon as the Group has grown sufficiently in accordance with the acquisition policy. The audit committee currently ensure that there is an adequate system of internal control in place. The audit committee is satisfied that there is adequate segregation of duties.

## Dealings in securities

All directors and employees are advised of closed periods. A formal policy has been adopted whereby directors, employees, consultants and agents are prohibited from trading in the Group's securities during closed periods.

## Director dealings for the year under review

There were no directors' dealings during the year under review.

## Communication with stakeholders

The Group strongly believes that communication with its stakeholders is vital. Apart from communication through SENS, the Group has embarked on road shows and analyst presentations are available on the website: [www.silverbridge.co.za](http://www.silverbridge.co.za)

## Analysis of shareholding

See the analysis of shareholding report on page 33-35.

## Designated advisors

The designated advisor is Sasfin Capital (Pty) Ltd, a division of Sasfin Bank Limited.

## Transfer secretaries

Computershare Investor Services (Pty) Ltd is the appointed transfer secretary to the Group. All shareholders can address shareholding related queries to PO Box 61051; Marshalltown; South Africa; 2107.

## Attendance of various meetings:

### Board meetings attended – 6 Meetings held

Name	Designation	Appointment date	Resignation date	Number of meetings attended	Number of meetings held while appointed
Andile Sangqu	Non-executive (Chairman)	07 May 2007	–	5	6
Jaco Swanepoel	Executive (CEO)	30 December 2005	–	6	6
Jeremy de Villiers	Independent non-executive	2 October 2008	–	2	2
Freda du Toit	Non-executive	30 December 2005	–	6	6
Nthabiseng Mokone	Non-executive	23 April 2008	–	4	4
Tyrrel Murray	Non-executive	25 February 2009	–	0	0
David Smollan	Non-executive	30 December 2005	–	5	6
Justin van den Hoven	Non-executive	07 May 2007	23 January 2009	4	5
Sandra Duetsch	Executive	24 July 2008	–	3	3
Jaco Maritz	Executive (Financial Director)	06 November 2006	–	6	6
Rowan Williams	Alternate to David Smollan	30 December 2005	Change in designation 23 April 2008	1	3
Sphelele Sangweni	Alternate to Andile Sangqu	2 October 2008	–	2	2
Melinda van den Berg	Company secretary	21 August 2006	–	6	6

### Audit committee meetings attended – 2 Meetings held

Name	Designation	Number of meetings attended	Number of meetings held while appointed
Jaco Swanepoel	Invitee	1	2
Jeremy de Villiers	Chairman	1	1
Freda du Toit	Invitee	1	2
David Smollan	Chairman (resigned as Chairman during the period)	1	1
	Member	0	1
Jaco Maritz	Invitee	2	2
Melinda van den Berg	Company Secretary	2	2

**Remuneration committee meetings attended – 1 Meeting held**

Name	Designation	Number of meetings attended	Number of meetings held while appointed
Jeremy de Villiers	Chairman		
Nthabiseng Mokone	Member		
Jaco Maritz	Invitee		
Melinda van den Berg	Company secretary		

**Nomination committee meetings attended – 3 Meetings held**

Name	Designation	Number of meetings attended	Number of meetings held while appointed
Andile Sangqu	Member	3	3
Jaco Swanepoel	Member	3	3

**Investment committee meetings attended – 1 Meeting held**

Name	Designation	Number of meetings attended	Number of meetings held while appointed
Jeremy de Villiers	Chairman		
Freda du Toit	Member		
David Smollan	Member		

**In conclusion**

The board is committed to the promotion of good corporate governance as set out in the King II report on Corporate Governance in South Africa. The board acknowledges and subscribes to the need for adherence to the principles in the report and continues to implement procedures to ensure that the Group has an effective corporate governance policy.

Sincerely,



**Melinda van den Berg**  
Company Secretary

**SHAREHOLDER SPREAD (Strate)**

As at 28 February 2009	No. of shareholders	Percentage of shareholders	No. of Shares	Percentage of shares
0 – 1,000 shares	69	23.47%	30 333	0.09%
1,001 – 10,000 shares	72	24.49%	301 116	0.90%
10,001 – 100,000 shares	46	15.65%	1 803 778	5.37%
100,001 – 500,000 shares	14	4.76%	2 542 575	7.57%
500,001 – 1 000 000 shares and over	7	2.38%	19 796 740	58.94%
<b>Sub Total</b>	<b>208</b>	<b>70.75%</b>	<b>24 474 542</b>	<b>72.87%</b>

**SHAREHOLDER SPREAD (Certificated)**

As at 28 February 2009	No. of shareholders	Percentage of shareholders	No. of Shares	Percentage of shares
0 – 1,000 shares	46	15.65%	21 345	0.06%
1,001 – 10,000 shares	32	10.88%	103 350	0.31%
10,001 – 100,000 shares	6	2.04%	215 000	0.64%
100,001 – 500,000 shares and over	2	0.68%	8 773 457	26.12%
<b>Sub Total</b>	<b>86</b>	<b>29.25%</b>	<b>9 113 152</b>	<b>27.13%</b>
<b>Total</b>	<b>294</b>	<b>100.00%</b>	<b>33 587 694</b>	<b>100.00%</b>

**PUBLIC AND NON-PUBLIC SHAREHOLDERS**

As at 28 February 2009	No. of shareholders	Percentage of shareholders	No. of Shares	Percentage of shares
Non – Public Shareholders	15	5.1%	18 198 968	54.18%
Public Shareholders	279	94.90%	15 388 726	45.82%
<b>Total</b>	<b>294</b>	<b>100.00%</b>	<b>33 587 694</b>	<b>100.00%</b>

## ANALYSIS OF SHAREHOLDING

### MAJOR SHAREHOLDERS

Beneficial shareholders holding other than a director, directly or indirectly beneficially interested in 5% or more

As at 28 February 2009	No. of Shares	%
<b>Cshell 448 (Pty) Limited</b>	<b>6 519 457</b>	<b>19.41%</b>
Dusty Moon Investments 296 (Pty) Limited	2 346 000	6.98%
Amabubesi Capital Information Technology (Pty) Ltd	2 254 000	6.71%
<b>Total of Amabubesi Capital (Pty) Ltd</b>	<b>4 600 000</b>	<b>13.70%</b>
i capital Growth Fund Investment Trust	1 208 257	3.60%
i capital (Pty) Ltd	490 131	1.46%
i capital Advisors (Pty) Ltd	234 149	0.70%
<b>Total of i capital Investments</b>	<b>1 932 537</b>	<b>5.76%</b>

### DIRECTORS' INTEREST

The direct and indirect, beneficial interests of the directors in the Company's securities as at the date of the last financial year-end, as far as could be determined, is as follows:

As at 28 February 2009	Beneficial Direct	Beneficial Indirect	Associates	Total Beneficial percentage
A Sangqu	–	–	–	0.00%
J Swanepoel	314 326	7 592 678	–	23.54%
J de Villiers	–	–	–	0.00%
F du Toit	–	7 907 004	–	23.54%
N Mokone	–	–	–	0.00%
T Murray	–	–	–	0.00%
D Smollan	–	20 000	–	0.06%
J van den Hoven***	–	–	–	0.00%
S Duetsch	–	742 801	–	2.21%
J Maritz	132 875	–	–	0.40%
R Williams*	–	281 027	–	0.84%
S Sangweni**	–	–	–	0.00%
<b>Total</b>	<b>447 201</b>	<b>16 543 510</b>	<b>–</b>	<b>50.59%</b>

\* Alternate director to D Smollan

\*\* Alternate director to A Sangqu

\*\*\* Resigned 23 January 2009

**Note:** No change in these interests occurred between the end of the financial year and the date of this report.

### DIRECTORS' INTEREST

The direct and indirect, beneficial and non-beneficial interests of the directors in the Company's securities as at the date of the last financial year-end and date of circular, as far as could be determined, is as follows:

As at 29 February 2008	Beneficial Direct	Beneficial Indirect	Total Beneficial percentage	Non-beneficial direct	Non-beneficial percentage	Total non-beneficial percentage	Associates
A Sangqu	–	–	0.00%	–	6 519 457	20.00%	–
J Swanepoel	314 326	7 592 678	24.26%	–	–	0.00%	–
F du Toit	–	7 907 004	24.26%	–	–	0.00%	–
D Smollan	–	743 080	2.28%	–	1 208 257	3.71%	–
J van den Hoven	–	–	0.00%	–	6 519 457	20.00%	–
J Maritz	132 875	–	0.41%	–	–	0.00%	–
R Williams	–	281 027	0.86%	–	1 208 257	3.71%	–
<b>Total</b>	<b>447 201</b>	<b>16 523 789</b>	<b>52.06%</b>	<b>–</b>	<b>7 727 214</b>	<b>23.71%</b>	<b>–</b>



FOR THE YEAR ENDED 28 FEBRUARY 2009

# **ANNUAL FINANCIAL STATEMENTS**

**SILVERBRIDGE HOLDINGS LIMITED**

## **CONTENTS**

Approval of the annual financial statements	38
Certification by Company Secretary	38
Independent auditors' report	39
Directors' report	40
Income Statements	44
Balance Sheets	45
Statements of changes in equity	46
Cash Flow Statements	47
Notes to the annual financial statements	48

for the year ended 28 February 2009

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and annual financial statements of SilverBridge Holdings Limited, comprising the balance sheets at 28 February 2009, the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Group and Company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group annual financial statements and annual financial statements of the Company are fairly presented in accordance with the applicable financial reporting framework.

### Approval of Group annual financial statements and annual financial statements

The Group annual financial statements and annual financial statements of SilverBridge Holdings Limited, as identified in the first paragraph, were approved by the board of directors on 24 April 2009 and signed on its behalf by



**Jaco Swanepoel**  
CEO



**Jaco Maritz**  
Financial director

## CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby confirm, in terms of section 268 G (d) of the Companies Act, 1973, that for the year ended 28 February 2009, the Company has lodged with the Registrar of Companies all such returns as are required of a public Company in terms of this Act and that all such returns are true, correct and up to date.



**Melinda van den Berg**  
Company Secretary

for the year ended 28 February 2009

### To the Members of SilverBridge Holdings Limited

We have audited the Group annual financial statements and the annual financial statements of SilverBridge Holdings Limited, which comprise the balance sheets at 28 February 2009, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 40 to 87.

### Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of SilverBridge Holdings Limited at 28 February 2009, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

### KPMG Inc.

Registered Auditor



Per **Shaun van den Boogaard**

Chartered Accountant (SA)

Registered Auditor

Director

24 April 2009

KPMG Forum

1226 Schoeman Street

Hatfield, 0083

# DIRECTORS' REPORT

for the year ended 28 February 2009

The directors have pleasure in presenting the Group annual financial statements and the annual financial statements of SilverBridge Holdings Limited for the year ended 28 February 2009.

## 1. Distinction between the Group and the Company

The annual financial statements for the year ended 28 February 2009 comprise:

- i. the Company financial statements of SilverBridge Holdings Limited (herein referred to as the Company or SilverBridge); and
- ii. the Group financial statements of SilverBridge, (herein referred to as the Group) represent a continuation of the Group financial statements of SDT Financial Software Solutions (Pty) Ltd (SDT).

## 2. Nature of the business

SilverBridge Group is a Group of companies providing a portfolio of software and related products to the financial services industry. The Group consists of SilverBridge Holdings Limited, SDT Financial Software Solutions (Pty) Ltd, operating specifically in the long term insurance market and Ones 'n Zeros Professional Services (SA) (Pty) Ltd, providing IT consulting services to the banking sector. The Group is a highly specialised information technology and telecommunication (ITC) sector entity focusing on financial services operating in South Africa and Africa.

SilverBridge Holdings is the legal holding company and corporate centre of the Group. The holding Company provides leadership to the Group, executing the Group strategy and providing direction to the Group companies in line with the strategy. It also provides corporate centre support including:

- i. managing the listing status of the Group and ensuring compliance with all rules and regulations;
- ii. identification, evaluation and execution of value adding acquisitions;
- iii. group financial management including treasury and capital management;
- iv. providing black ownership and managing the BEE profile and objectives of the Group and its subsidiaries;
- v. providing investor relationship management services;
- vi. providing Group sales and marketing activities including Group branding; and
- vii. corporate governance and practices for the Group and related services.

The objective of the corporate centre is to empower the subsidiary business units to focus on their particular niche markets.

## 3. Subsidiaries of the Group

Details of the Group's subsidiaries and related entities are reflected in note 27: Related parties.

## 4. Interest in Associate

Details of the interest in an associate are reflected in note 17: Investment in Associate.

## 5. Share capital

The authorised share capital of the Company comprises 200 000 000 (2008: 200 000 000) ordinary shares of 1 cent per share.

The issued share capital of the Company comprises 33 587 694 (2008: 32 597 285) ordinary shares of 1 cent per share.

## 6. Holding Company and Group structure

SilverBridge is the ultimate legal parent of SDT owning 100% of its equity share capital and of Ones & Zeros owning 51% of its equity share capital. See note 27: Related parties, for further detail.

## 7. Financial results for the year

The financial results of the Group and Company for the year under review are detailed in the annual financial statements. The key highlights for the Group for the year are summarised as follows:

- i. Revenue increased by 17.9% to R70 568 000 (2008: R59 865 000)
- ii. Operating profit decreased by 31.2% to R9 268 000 (2008: R13 468 000)
- iii. Profit for the year attributable to equity holders of the parent decreased by 36.8% to R6 200 000 (2008: R9 807 000)

## 8. Going concern

The directors have reviewed the Group's budget and cash flow forecast for the year to 28 February 2010. On the basis of this review and in light of the current financial position of the Group and Company, the directors are satisfied that the Group and Company will continue to operate for the foreseeable future and have adopted the going concern basis in preparing the financial statements.

## 9. Distributions to shareholders

The Company paid out a capital distribution from share premium to ordinary shareholders amounting to 14.60 cents per ordinary share on 4 July 2008 (2 July 2007: 12.50 cents per ordinary share). No subsequent distributions were recommended.

## 10. Plant and equipment

Plant and equipment comprises computer hardware, computer software, office equipment, furniture and fittings as well as vehicles. These assets are utilised within operations to develop, maintain and service the insurance software and other (consultancy and banking) products of the Group, and are also used to support the operation and functioning of the Group. There has been no change to the policy, nature or use of the plant and equipment during the year under review.

## 11. Treasury shares

There are 106 240 (2008: 106 240) ordinary shares held by SDT in SilverBridge.

## 12. Subsequent events

No events occurred subsequent to the year end that would require the financial statements to be adjusted.

## 13. Special resolutions passed during the year

The following is a summary of the special resolutions that were passed during the course of the year:

- i. the directors were authorised to pay a reduction of share premium, *pro rata*, to all shareholders of the Company;
- ii. the directors were authorised by way of general authority to repurchase ordinary shares in the issued share capital of the Company; and
- iii. the general issue of 990 401 shares at R2.80 per share for cash, as part of the Ones & Zeros acquisition.

## DIRECTORS' REPORT

for the year ended 28 February 2009

### 14. Borrowing powers

The borrowing powers of directors are governed by section 46 and 47 of the Articles of Association. The directors may borrow or raise for the purposes of the Company such sums as they deem fit. They are allowed to raise or secure the payment or repayment of such moneys in such manner and upon such terms and conditions as they think fit. The directors shall cause a proper register to be kept in accordance with the provisions of the Act of all mortgages and charges specifically affecting the property of the Company.

The Group did not have any borrowings during the year.

### 15. Directorate

The directors of the Group and the subsidiaries during the accounting period and up to the date of this report are summarised as follows:

#### SilverBridge Holdings Limited

Name	Designation	Appointment date	Termination date
Andile Sangqu	Non-executive chairman	7 May 2007	–
Jaco Swanepoel	Chief Executive Officer	30 December 2005	–
Jeremy de Villiers	Independent non-executive director	2 October 2008	–
Freda du Toit	Non-executive director	30 December 2005	–
Nthabiseng Mokone	Non-executive director	23 April 2008	–
Tyrrel Murray	Non-executive director	25 February 2009	–
David Smollan	Non-executive director	30 December 2005	–
Justin van den Hoven	Non-executive director	7 May 2007	23 January 2009
Sandra Duetsch	Executive director	24 July 2008	–
Jaco Maritz	Financial Director	6 November 2006	–
Rowan Williams	Alternate director	30 December 2005	–
Sphelele Sangweni	Alternate director	2 October 2008	–

All the directors are South African.

#### SDT Financial Software Solutions (Pty) Ltd

Name	Designation	Appointment date	Termination date
Jaco Swanepoel	Chief Executive Officer	26 June 1995	–
Johan Reyneke	Independent non-executive director	28 September 2006	–
Leon du Rand	Independent non-executive director	26 November 2008	–
Freda du Toit	Non-executive director	26 June 1995	–
David Smollan	Non-executive director	1 August 2003	–
Gawie Erasmus	Executive director	23 September 2008	–
Jaco Maritz	Financial Director	1 March 2007	–

All the directors are South African.

#### Ones 'n Zeros Professional Services (SA) (Pty) Ltd

Name	Designation	Appointment date	Termination date
Sandra Duetsch	Managing Director	14 November 2001	–
Leon du Rand	Independent non-executive director	1 December 2008	–
Jaco Maritz	Non-executive director	22 July 2008	–
Jaco Swanepoel	Non-executive director	22 July 2008	–
Amanda Newell	Executive director	14 November 2001	–

All the directors are South African.

### 16. Company secretary

The company secretary remains Fusion Corporate Secretarial Services (Pty) Ltd, represented by Melinda van den Berg.

The business and postal addresses of the company secretary are as follows:

Business address:	Postal address:
Office B, Podium House II Corner Lois and Atterbury Rds Menlyn Pretoria, Gauteng	PO Box 61252 Pierre van Ryneveld 0045

The statutory documentation of SilverBridge is held at the business address of the company secretary.

### 17. Auditors

The Group auditors remain KPMG Incorporated.

The business and postal addresses of the auditors are as follows:

Business address:	Postal address:
KPMG Forum 1226 Schoeman Street Hatfield, 0083 Pretoria, Gauteng	PO Box 11265 Hatfield, 0028

### 18. Registered offices

The registered offices of both the Group and Company are as follows:

Business address:
First Floor Castle View North 495 Prieska Street Erasmuskloof, 0048 Pretoria, Gauteng

## INCOME STATEMENTS

for the year ended 28 February 2009

	Notes	Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>Revenue</b>	8	<b>70 568</b>	59 865	<b>956</b>	941
Other income	9.1	<b>797</b>	867	<b>55</b>	22
Personnel expenses	9.2	<b>(43 861)</b>	(33 766)	<b>(562)</b>	(261)
Depreciation and amortisation	9.3	<b>(2 693)</b>	(1 357)	<b>-</b>	-
Impairment losses – trade receivables		<b>-</b>	(756)	<b>-</b>	-
Professional fees paid for services	9.4	<b>(4 387)</b>	(3 253)	<b>(2 165)</b>	(1 520)
Other expenses	9.5	<b>(11 156)</b>	(8 132)	<b>(934)</b>	(477)
<b>Operating profit/(loss)</b>		<b>9 268</b>	13 468	<b>(2 650)</b>	(1 295)
Finance income	10	<b>1 001</b>	846	<b>8 709</b>	216
Finance expense	11	<b>(288)</b>	(139)	<b>(228)</b>	-
Share of profit/(loss) in associate		<b>10</b>	(147)	<b>-</b>	-
<b>Profit/(loss) before income tax expense</b>		<b>9 991</b>	14 028	<b>5 831</b>	(1 079)
Income tax (expense)/income	12	<b>(2 595)</b>	(4 221)	<b>664</b>	267
<b>Profit/(loss) for the year</b>		<b>7 396</b>	9 807	<b>6 495</b>	(812)
Attributable to:					
Equity holders of the parent		<b>6 200</b>	9 807	<b>6 495</b>	(812)
Minority interest		<b>1 196</b>	-	<b>-</b>	-
<b>Earnings per share</b>					
Basic earnings per share (cents)	13.1	<b>18.70</b>	30.18		
Headline earnings per share (cents)	13.2	<b>18.78</b>	30.26		
Diluted earnings per share (cents)	13.3	<b>16.40</b>	30.18		
Diluted headline earnings per share (cents)	13.4	<b>16.47</b>	30.26		

## BALANCE SHEETS

at 28 February 2009

	Notes	Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>ASSETS</b>					
<b>Non-current assets</b>		<b>27 301</b>	16 382	<b>63 061</b>	51 503
Plant and equipment	14	<b>1 643</b>	2 040	<b>-</b>	-
Intangible assets	15	<b>22 713</b>	11 617	<b>-</b>	-
Investment in subsidiaries	16	<b>-</b>	-	<b>61 876</b>	50 981
Investment in associate	17	<b>101</b>	91	<b>-</b>	-
Deferred tax assets	18	<b>2 844</b>	2 634	<b>1 185</b>	522
<b>Current assets</b>		<b>38 727</b>	34 099	<b>4 626</b>	2 235
Income tax receivable		<b>4 512</b>	3 164	<b>-</b>	-
Revenue recognised not yet invoiced		<b>1 221</b>	6 976	<b>-</b>	-
Trade and other receivables	19	<b>16 896</b>	11 328	<b>1 606</b>	1 116
Cash and cash equivalents	20	<b>16 098</b>	12 631	<b>3 020</b>	1 119
<b>Total assets</b>		<b>66 028</b>	50 481	<b>67 687</b>	53 738
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>		<b>43 244</b>	32 968	<b>59 905</b>	52 867
Share capital	21.2	<b>336</b>	326	<b>336</b>	326
Share premium	21.7	<b>8 608</b>	10 797	<b>64 182</b>	66 372
Acquisition shares	21.4	<b>2 724</b>	-	<b>2 724</b>	-
Treasury shares		<b>(197)</b>	(197)	<b>-</b>	-
Retained earnings/(accumulated loss)		<b>28 242</b>	22 042	<b>(7 337)</b>	(13 831)
Total equity attributable to equity holders of the parent		<b>39 713</b>	32 968	<b>59 905</b>	52 867
Minority interests		<b>3 531</b>	-	<b>-</b>	-
<b>Current liabilities</b>		<b>22 784</b>	17 513	<b>7 782</b>	871
Trade and other payables	22	<b>19 653</b>	12 794	<b>7 782</b>	871
Deferred revenue		<b>1 595</b>	3 282	<b>-</b>	-
Provisions	23	<b>1 536</b>	1 437	<b>-</b>	-
<b>Total equity and liabilities</b>		<b>66 028</b>	50 481	<b>67 687</b>	53 738

# STATEMENTS OF CHANGES IN EQUITY

for the year ended 28 February 2009

	Issued capital R'000	Share premium R'000	Treasury shares R'000	Acquisition shares R'000	Retained earnings/ (accumulated loss) R'000	Total R'000	Minority interest R'000	Total R'000
<b>Group</b>								
Balance at 1 March 2007	326	14 872	(78)	–	12 235	27 355	–	27 355
Profit for the year	–	–	–	–	9 807	9 807	–	9 807
Total recognised income and expense for the year	–	–	–	–	9 807	9 807	–	9 807
Treasury shares acquired	–	–	(119)	–	–	(119)	–	(119)
Capital distribution: 2 July 2007	–	(4 075)	–	–	–	(4 075)	–	(4 075)
<b>Balance at 29 February 2008</b>	<b>326</b>	<b>10 797</b>	<b>(197)</b>	<b>–</b>	<b>22 042</b>	<b>32 968</b>	<b>–</b>	<b>32 968</b>
Profit for the year	–	–	–	–	6 200	6 200	1 196	7 396
Total recognised income and expense for the year	–	–	–	–	6 200	6 200	1 196	7 396
Allotment of 990 401 shares	10	2 714	–	–	–	2 724	–	2 724
Acquisition of Ones & Zeros	–	–	–	2 724	–	2 724	3 683	6 407
Dividend paid by subsidiary	–	–	–	–	–	–	(1 348)	(1 348)
Capital distribution: 4 July 2008	–	(4 903)	–	–	–	(4 903)	–	(4 903)
<b>Balance at 28 February 2009</b>	<b>336</b>	<b>8 608</b>	<b>(197)</b>	<b>2 724</b>	<b>28 242</b>	<b>39 713</b>	<b>3 531</b>	<b>43 244</b>
<b>Company</b>								
Balance at 1 March 2007	326	70 447	–	–	(13 019)	57 754	–	57 754
Loss for the year	–	–	–	–	(812)	(812)	–	(812)
Total recognised income and expense for the year	–	–	–	–	(812)	(812)	–	(812)
Capital distribution: 2 July 2007	–	(4 075)	–	–	–	(4 075)	–	(4 075)
<b>Balance at 29 February 2008</b>	<b>326</b>	<b>66 372</b>	<b>–</b>	<b>–</b>	<b>(13 831)</b>	<b>52 867</b>	<b>–</b>	<b>52 867</b>
Profit for the year	–	–	–	–	6 494	6 494	–	6 494
Total recognised income and expense for the year	–	–	–	–	6 494	6 494	–	6 494
Allotment of 990 401 shares	10	2 714	–	–	–	2 724	–	2 724
Acquisition of Ones & Zeros	–	–	–	2 724	–	2 724	–	2 724
Capital distribution: 4 July 2008	–	(4 904)	–	–	–	(4 904)	–	(4 904)
<b>Balance at 28 February 2009</b>	<b>336</b>	<b>64 182</b>	<b>–</b>	<b>2 724</b>	<b>(7 337)</b>	<b>59 905</b>	<b>–</b>	<b>59 905</b>

# CASH FLOW STATEMENTS

for the year ended 28 February 2009

	Notes	Group		Company	
		2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>Cash flows from operating activities</b>					
Cash receipts from clients		76 720	55 687	521	311
Cash paid to suppliers and employees		(62 344)	(45 478)	(1 900)	(1 849)
<b>Cash generated from/(utilised in) operations</b>	24.1	14 376	10 209	(1 379)	(1 538)
Interest received		1 001	846	8 709	216
Interest paid		(60)	(139)	–	–
Dividends paid by subsidiary		(1 348)	–	–	–
Taxation paid	24.2	(4 675)	(8 340)	–	–
STC paid		(275)	–	–	–
<b>Net cash inflow/(outflow) from operating activities</b>		9 019	2 576	7 330	(1 322)
<b>Cash flows from investing activities</b>					
Plant and equipment acquired to expand operations		(737)	(1 341)	–	–
Proceeds from sale of equipment		98	17	–	–
Acquisition of subsidiary	24.3	(3 229)	–	(1 836)	–
Cash received on acquisition of subsidiary	24.3	3 344	–	–	–
Capitalisation of development costs		(1 435)	(822)	–	–
<b>Net cash outflow from investing activities</b>		(1 959)	(2 146)	(1 836)	–
<b>Cash flows from financing activities</b>					
Treasury shares acquired		–	(119)	–	–
Capital distribution from share premium	24.4	(3 593)	(4 075)	(3 593)	(4 075)
<b>Net cash outflow from financing activities</b>		(3 593)	(4 194)	(3 593)	(4 075)
<b>Net increase/(decrease) in cash and cash equivalents</b>		3 467	(3 764)	1 901	(5 397)
Cash and cash equivalents at the beginning of the year		12 631	16 398	1 119	6 516
Effects of exchange rate translations on cash and cash equivalents		–	(3)	–	–
<b>Cash and cash equivalents at the end of the year</b>		16 098	12 631	3 020	1 119

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

## 1. REPORTING ENTITY

SilverBridge (the "company") is a company domiciled in the Republic of South Africa. The financial statements for the year ended 28 February 2009 comprise the financial statements of the Company as well as the financial statements of the Group. The Group's financial statements are a continuation of SDT's financial statements. This is as a result of the reverse acquisition as discussed in the notes below. The Group operates in the software and services sector of the broader financial services industry.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements of the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS), the requirements of the South African Companies Act, and the JSE Limited Listing Requirements.

The consolidated financial statements were authorised for issue by the board of directors on 24 April 2009.

### 2.2 Basis of measurement

The financial statements have been prepared on an historical cost basis; except for non-derivative financial instruments measured at amortised cost (see note 3.3.1).

### 2.3 Functional and presentation currency

The financial statements are presented in South African rands, which is the Company's functional and presentation currency. All financial information presented in rands has been rounded to the nearest thousand (R'000) except when otherwise indicated.

### 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimations and assumptions about the future events that affect the application of policies and reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from these estimates.

Future events and their effects cannot be determined with absolute certainty. The determination of estimates therefore requires the exercise of judgment based on various assumptions and other factors such as historical experience as well as current and anticipated economic conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Historically, actual results have not deviated materially from those determined using the estimates described above. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### 2.4.1 Judgments

In the process of applying the Group's accounting policies, management has, apart from judgments involving estimations, made the following judgment, which has the most significant effect on the amounts recognised in the annual financial statements.

##### 2.4.1.1 Cash generating unit to which goodwill is allocated for impairment testing

With regard to the annual impairment test performed on the goodwill that arose in the Group, SDT and Ones & Zeros were identified as the smallest cash generating units within the Group that will benefit from the acquisitions. The goodwill is therefore allocated to SDT and Ones & Zeros respectively (see note 15.2).

#### 2.4.2 Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the year end that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### 2.4.2.1 Impairment of goodwill

The determination of whether goodwill is impaired is performed at least annually. This requires an estimation of the value in use of the cash generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit and to choose a suitable discount rate to calculate the present value of those cash flows. The detailed estimations used to determine whether goodwill is impaired are set out in note 15: Intangible assets.

#### 2.4.2.2 Deferred taxation assets

Deferred taxation assets are recognised to the extent that it is probable that taxable income will be available in the future against which the deferred taxation asset can realise. The future taxable profits are estimated based on business plans which include estimates and assumptions regarding the economic growth, interest, inflation, taxation rates and competitive forces. For further detail see note 18: Deferred tax assets and liabilities.

#### 2.4.2.3 Capitalisation and impairment of development costs

Development costs are capitalised to the extent that it is probable that future economic benefits will be generated from the developed assets. The probability and extent of future economic benefits are determined by management's estimations of the market's needs or internal usage of such an asset, estimations of the future benefits which will flow from selling the asset or using such asset internally, to result in cost savings. The detail on such development costs capitalised is presented in note 15: Intangible assets.

#### 2.4.2.4 Plant and equipment

The estimation of the useful lives of plant and equipment is based on historic performance as well as expectations about future use and therefore requires a significant degree of judgment to be applied by management. These depreciation rates represent management's current best estimate of the useful lives of the assets.

Residual values of plant and equipment are reviewed at least annually. Adjustments to residual values will affect the depreciation charge for the reporting period.

## 2.5 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes as set out below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### 2.5.1 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

### 2.5.2 Non-derivative financial liabilities

The fair value of trade and other payables is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

## 2.6 Offsetting

Assets and liabilities, and income and expenses are not offset in the Balance Sheet or Income Statement unless specifically permitted by an accounting standard or an interpretation.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and financial statements and have been applied consistently by Group entities.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

## 3.1 Basis of consolidation

The Group annual financial statements comprise the annual financial statements of SilverBridge Holdings Limited, the legal holding company, its subsidiaries and its interest in the associate as at the end of February of each year presented.

A reverse acquisition occurs when a legal subsidiary obtains effective control over a legal holding company. In such situations, the Group financial statements reflect the continuation of activities of the legal subsidiary.

Acquisitions are included in the Group using the purchase method. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. Goodwill is recognised to the extent that the cost of the acquisition exceeds the fair value of the net assets acquired.

If the Group's interest in the fair values of the identifiable net assets acquired exceeds the cost of acquisition (referred to as negative goodwill) the excess is recognised through the Income Statement in the period of acquisition.

### 3.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

### 3.1.2 Associate

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

The Group's investment in its associate is accounted for under the equity method of accounting, from the date that significant influence commences until the date that significant influence ceases. Under the equity method, the investment in associate is carried in the Balance Sheet at cost plus post-acquisition changes in the Group's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. Should the Group's share of losses exceed its interest in the associate, the carrying amount of that interest (including any long-term investments) is reduced to nil and recognition of future losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Income Statement reflects the share of the results of operations of the associate. Where a Group company transacts with an associate company, unrealised profits and losses are eliminated to the extent of the Group's interest in the associate, except where unrealised losses provide evidence of an impairment of the asset transferred. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

### 3.1.3 Investments in subsidiary companies in the Company financial statements

The investments in the subsidiary companies are stated at cost less impairment losses.

### 3.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

## 3.2 Foreign currency

### 3.2.1 Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in the Income Statement.

## 3.3 Financial instruments

### 3.3.1 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents comprise cash balances and short term deposits.

Accounting for finance income and expenses is discussed in note 3.11.

### 3.3.2 Share capital

#### Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

## 3.4 Plant and Equipment

### 3.4.1 Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of plant and equipment at 1 March 2005, the Group's date of transition to IFRS, was determined by reference to its fair value at that date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour; any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition, construction or production of qualifying assets are recognised in the Income Statement as incurred.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment, and are recognised net within "other income" in the Income Statement.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

## 3.4.2 Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

## 3.4.3 Depreciation

Depreciation is recognised in the Income Statement on a straight-line basis over the estimated useful life of each part of an item of plant and equipment.

The estimated useful lives for the current and comparative periods are as follows:

Computer hardware	3 years
Computer software	2 years
Office equipment	6 years
Furniture and fittings	6 years
Motor vehicles	5 years
Plant	4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

## 3.5 Intangible assets

### 3.5.1 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

When the excess is negative (negative goodwill), it is recognised immediately in the Income Statement.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment.

### 3.5.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the Income Statement when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Internally generated intangible assets, excluding capitalised development costs, are not capitalised but recognised in the Income Statement.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

### 3.5.3 Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

### 3.5.4 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Income Statement as incurred.

### 3.5.5 Amortisation

Amortisation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Capitalised development costs	5-7 years
Contracts capitalised through acquisition of Ones & Zeros	2-3 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each reporting date.

Change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as a change in accounting estimate. The amortisation expense of intangible assets with a finite useful life is recognised in the Income Statement in the expense category consistent with the nature of the intangible asset.

## 3.6 Impairment

### 3.6.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Income Statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in the Income Statement.

### 3.6.2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

for the year ended 28 February 2009

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

## 3.7 Employee benefits

### 3.7.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the Income Statement when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

### 3.7.2 Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

### 3.7.3 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 3.8 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## 3.9 Revenue recognition

The Group generates revenue by providing its software system developed in-house, to its clients and by delivering consulting services.

The system remains under the ownership of the Group. The Group recovers licensing and/or rental fees from its clients, for the right of use of the system. The related service offering to the software system of the Group is:

- i. installation and customisation services;
- ii. support and maintenance services of the respective system; and
- iii. system enhancement services.

The Group provides consulting services to its clients through fixed price contracts and variable price (time and material) contracts.

Revenue is recognised in the Income Statement to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable and represents the invoiced value of sales and services rendered, excluding discounts, rebates and VAT. Revenue is recognised at the date on which services are rendered. The following specific recognition criteria must also be met before revenue is recognised:

### 3.9.1 Licensing and system rental fees

Licensing and system rental fees represent the fees charged for the right of use of the applicable SDT software system. Licensing fee revenue is based on either the number of users of the licence or a percentage of the client's premium income and is recognised when the number of users is determinable or the value of premiums of the client is determinable.

### 3.9.2 Rendering of services

Revenue from the installation of software, customisation and enhancement changes to the software is recognised by reference to the stage of completion.

The stage of completion is measured by reference to the recoverable expenditure incurred to date as a percentage of the total expenditure expected to be recovered from each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. As soon as losses on individual contracts become evident, they are provided for in full in the Income Statement.

Revenue from fixed-price contracts is recognised on the percentage of completion method, after providing for contingencies and once the outcome of the contract can be assessed with reasonable certainty.

Revenue from variable price contracts is recognised on time and material allocated to the contract at the agreed price per unit after providing for contingencies and once the outcome of the contract can be assessed with reasonable certainty.

Revenue from support and maintenance services is recognised as and when the service is delivered.

Prepaid support and maintenance services collected in advance are deferred and recognised based on actual usage of the service or upon expiration of the usage period, whichever comes first.

### 3.9.3 Deferred revenue and revenue recognised not yet invoiced

Deferred revenue represents amounts received from clients in terms of the billing arrangements in the underlying agreement, for which services have not yet been rendered.

Revenue recognised not yet invoiced represents revenue recognised for services rendered, in accordance with the stage of completion method of revenue recognition, for which the client has not yet been billed, in terms of the billing arrangement in the underlying agreement.

### 3.9.4 Corporate management services

Corporate management services are charged to subsidiaries as per agreement.

SDT: A management fee is charged based on 1.5% of the subsidiary's turnover.

Ones & Zeros: A fixed fee is charged on a monthly basis.

Corporate management services revenue is recognised on a monthly basis on issue of invoice.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

## 3.10 Lease payments

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the Group's Balance Sheet.

Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

## 3.11 Finance income and expenses

Finance income comprises interest income on bank balances, funds invested and dividend income. Interest income is recognised as it accrues in the Income Statement using the effective interest method. Dividend income is recognised in the Income Statement on the date that the Group's right to receive payment is established, which, in the case of quoted securities, is the ex-dividend date.

Finance expenses comprise interest expense on borrowings. All borrowing costs are recognised in the Income Statement using the effective interest method. Finance expenses include fair value adjustments on current assets and liabilities.

## 3.12 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

## 3.13 Earnings per share

The Group presents basic, headline, diluted and diluted headline earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Headline EPS is determined by dividing the profit or loss attributable to adjusted for re-measurements that are not closely aligned to the operating activities of the Group, by the weighted average number of ordinary shares outstanding during the year.

Diluted headline EPS is determined by adjusting the profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares outstanding, for the effects of all potential dilutive ordinary shares. Diluted instruments represents shares to be issued for the balance of the purchase price for the acquisition of Ones 'n Zeros Professional Services (SA) (Pty) Ltd as well as shares to be issued if the put options for the remaining 49% of Ones & Zeros are exercised.

Diluted headline EPS is determined by adjusting the profit or loss attributable to the ordinary shares and the weighted average number of ordinary shares outstanding for the effects of all potential ordinary shares. Diluted instruments represents shares to be issued for the balance of the purchase price for acquisition of Ones 'n Zeros Professional Services (SA) (Pty) Ltd as well as shares to be issued if the put options for the remaining 49% of Ones & Zeros are exercised. The profit or loss attributable to ordinary shareholders of the Group is also adjusted for re-measurements that are not closely aligned to the operating activities of the Group.

## 3.14 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The Group's primary format for segment reporting is based on business segments. The business segments are determined based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments (other than investment property) and related revenue, loans and borrowings and related expenses, corporate assets (primarily the Company's headquarters) and head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire plant and equipment, and intangible assets other than goodwill.

### 3.14.1 Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of operating cash, receivables and plant and equipment, net of related allowances and provisions. The assets and liabilities of the Group are organised and managed at a corporate business support level. As the assets and liabilities contribute at a corporate level, it is not practical to determine a reasonable allocation of the assets and liabilities to the business segment.

### 3.14.2 Inter-segment transfers

Segment revenue, segment expenses and segment results include transfers between business segments and between geographical segments. These transfers occur at arm's length and are eliminated on consolidation.

### 3.14.3 Primary segments: Business segment

For management purposes the Group is currently organised into five vertical business units, representing the main service offerings of the Group. These business units are the basis on which the Group reports its primary segment information and are described as follows:

- i. consulting services – provide consultation to client on IT systems
- ii. implementation services – implementation of client specific solutions
- iii. support services – support offered as client specific solution
- iv. software rental fees and other licence fees received for right of use of the system
- v. research and development – develop and maintain the generic client solutions.

for the year ended 28 February 2009

The Group controls and manages all assets and liabilities on a central basis and recovers these costs as well as corporate overheads through a recovery model based on income generation. Segment results include only cost items directly attributable to a segment. Unallocated items comprise mainly centrally controlled assets and liabilities, income-earning assets and revenue, expenses and corporate assets and expenses.

### 3.14.4 Secondary segment: Geographical segment

The Group provides services primarily in Africa. The geographical segments are distinguished on the basis of the exposed political risk, and are segmented into South Africa, Zimbabwe and other African countries such as Ghana, Kenya, Nigeria, Namibia, Lesotho, Mauritius, Malawi and Swaziland, which are grouped together.

## 4. NEW ACCOUNTING PRONOUNCEMENTS

### New standards and interpretations issued but not yet effective in the current year

At the date of authorisation of the annual financial statements of the Group and Company for the year ended 28 February 2009, the following Standards and Interpretations were in issue but not yet effective:

- IAS 1 (Revised): Presentation of Financial Statements (effective for financial periods beginning on/after 1 January 2009) – The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owners' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. IAS 1 (Revised) will be applicable from the financial period starting 1 March 2009. It will have no significant impact on the financial reporting of the Group or the Company.
- IAS 1 (Amendment): Presentation of Financial Statements and IAS 32: Financial Instruments: Presentation – Puttable Financial Instruments and Obligations Arising on Liquidation (effective for financial periods beginning on/after 1 January 2009) – The amendment requires entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a *pro rata* share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments. IAS 1 (Amendment) will be applicable from the financial period starting 1 March 2009. It will have no significant impact on the financial reporting of the Group or the Company.
- IAS 23 (Revised): Borrowing Costs (effective for financial periods beginning on/after 1 January 2009) – The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. IAS 23 (Revised) will be applicable from the financial period starting 1 March 2009. It will have no significant impact on the financial reporting of the Group or the Company.
- IAS 27 (Revised): Consolidated and Separate Financial Statements (effective for financial periods beginning on/after 1 July 2009) – IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. IAS 27 (Revised) will be applicable from the financial period starting 1 March 2010. It will have no significant impact on the financial reporting of the Group or the Company.
- IAS 39 (Amendment): Financial Instruments – Recognition and Measurement – Eligible Hedged Items (effective for financial periods beginning on/after 1 July 2009). IAS 39 Amendment is not applicable to the Group or the Company.
- IFRS 2 (Amendment): Share-based Payments – Vesting Conditions and Cancellations (effective for financial periods beginning on/after 1 January 2009) – The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. IFRS 2 (Amendment) will be applicable from the financial period starting 1 March 2009. It will have no significant impact on the financial reporting of the Group or the Company.
- IFRS 3 (Revised): Business Combinations (effective for financial periods beginning on/after 1 July 2009) – IFRS 3 (Revised) will be applicable from the financial period starting 1 March 2010. It may have a significant impact on the way the Group accounts for future business combinations based on the changes as set out. The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of the net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed whereas the Group's current policy is to capitalise all transaction cost as part of the investment.
- IFRS 8: Operating Segments (effective for financial periods beginning on/after 1 January 2009) – IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The Standard sets out requirements for disclosure of information about the entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major clients. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. IFRS 8: Operating Segments will be applicable for financial periods starting 1 March 2009. It will have no significant impact on the way the Group or the Company reports on segments.
- IFRIC 17: Distributions of Non-cash Assets (effective for financial periods beginning on/after 1 July 2009) – This interpretation clarifies that: (1) A dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; (2) An entity should measure the dividend payable at the fair value of the net assets to be distributed; and (3) An entity should recognize the difference between the dividend paid and the carrying amount of the net assets distributed in profit and loss. The interpretation also requires an entity to provide additional disclosure if the net assets being held for distribution to owners meet the definition of a discontinued operation. The interpretation does not apply to common control transactions. IFRIC 17 will be applicable for financial periods starting 1 March 2010. It will have no significant impact on the financial reporting of the Group or Company.
- IFRS 1 (Revised): First-time Adoption of International Financial Reporting Standards. This revision is not applicable to the Group or the Company.
- IFRS 1 (Amendments): First-time Adoption of International Financial Reporting Standards and IAS 27 (Amendment): Consolidated and Separate Financial Statements. This revision is not applicable to the Group or the Company.
- IFRIC 16: Hedges of a Net Investment in a Foreign Operation. This IFRIC is not applicable to the Group or the Company.

## 5. FINANCIAL RISK MANAGEMENT

### 5.1 Overview

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group,

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

## 5.2 Credit risk

Credit risk is the risk of financial loss to the Group if a client or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from clients and investment securities.

### 5.2.1 Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each client. The demographics of the Group's client base, including the default risk of the industry and country in which clients operate, has less of an influence on credit risk.

All new clients are analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each client, which represents the maximum open amount. Clients that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a pre-payment basis.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

### 5.2.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk of damaging the Group's reputation.

The Group monitors its exposure to liquidity risk using projected cash flows from operations. The Group ensures that the timing of payments to creditors and receipt of collections from clients and maturity of short-term deposits is matched to avoid negative cash balances (bank overdrafts). The Group's exposure to liquidity risk is not material.

### 5.2.5 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group does not trade in financial markets and accordingly, there is no material exposure to market risk, including currency and interest rate risks. The Group provides all its services in rand based currency.

### 5.2.6 Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board monitors the return on capital, which the Group defines as net operating income divided by total shareholders equity. The board also monitors the level of distributions to ordinary shareholders and earnings per share.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the years ended 28 February 2009 and 29 February 2008. The Group's policy is to obtain necessary capital through share capital or the generation of cash from operations. The Group does not require debt financing for growth initiatives.

## 6. SEGMENT REPORTING

### Group

#### 6.1 Business segments

	Implemen- tation services R'000	Support services R'000	Research and develop- ment R'000	Software rental and main- tenance R'000	Consulting fees R'000	Total R'000
<b>2009</b>						
<b>Revenue from external clients</b>						
Segment revenue	19 977	11 003	–	22 066	17 522	70 568
<b>Segment result</b>	9 847	3 775	(9 410)	22 066	5 005	31 283
Unallocated expenses						(22 015)
<b>Operating profit</b>						9 268
Finance income						1 001
Finance expense						(288)
Share of profit in associate						10
Income tax expense						(2 595)
<b>Profit for the year</b>						7 396
<b>Unallocated cost</b>						
Sales						5 755
Administration						3 714
Infrastructure						5 308
Marketing						676
Amortisation						1 647
Corporate costs						4 915

#### Assets and liabilities

The assets and liabilities of the Group are organised and managed at a corporate business support level. As the assets and liabilities contribute at a corporate level, it is not practical to determine a reasonable allocation of the assets and liabilities to the business segments.

<b>Other segment information</b>			
Tangible assets (unallocated)*			737
Intangible assets	1 435	11 308	12 743
Depreciation (unallocated)*			1 046
Amortisation	416	1 231	1 647

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

## 6. SEGMENT REPORTING (continued)

### Group

#### 6.1 Business segments (continued)

	Implement- ation services R'000	Support services R'000	Research and develop- ment R'000	Software rental and main- tenance R'000	Total R'000
<b>2008</b>					
<b>Revenue from external clients</b>					
Total external revenue	34 242	9 966	–	15 657	59 865
Inter-segment revenue	–	–	–	840	840
	34 242	9 966	–	16 497	60 705
Eliminations	–	–	–	(840)	(840)
<b>Segment revenue</b>	<b>34 242</b>	<b>9 966</b>	<b>–</b>	<b>15 657</b>	<b>59 865</b>
<b>Segment result</b>	<b>22 318</b>	<b>5 430</b>	<b>(8 171)</b>	<b>16 893</b>	<b>36 470</b>
Unallocated expenses					(23 002)
<b>Operating profit</b>					<b>13 468</b>
Finance income					846
Finance expense					(139)
Share of loss in associate					(147)
Income tax expense					(4 221)
<b>Profit for the year</b>					<b>9 807</b>
<b>Unallocated cost</b>					
Sales					5 140
Administration					4 006
Infrastructure					7 352
Marketing					575
Amortisation					396
Corporate cost					5 533

#### Assets and liabilities

The assets and liabilities of the Group are organised and managed at a corporate business support level. As the assets and liabilities contribute at a corporate level, it is not practical to determine a reasonable allocation of the assets and liabilities to the business segments.

#### Other segment information

Tangible assets (unallocated)*					1 341
Intangible assets			822		822
Depreciation (unallocated)*					961
Amortisation			396		396

Company information has not been presented as the Company does not have any segments.

\* The assets and liabilities of the Group are organised and managed at a corporate business support level. As the assets and liabilities contribute at a corporate level, it is not practicable to determine a reasonable allocation of the assets and liabilities to the business segments.

## 6. SEGMENT REPORTING

### Group

#### 6.2 Geographical segments

	South Africa R'000	Zimbabwe R'000	Other African countries * R'000	Total R'000
<b>2009</b>				
<b>Segment revenue</b>	<b>41 632</b>	<b>966</b>	<b>27 970</b>	<b>70 568</b>
<b>Assets and liabilities</b>				
Segment assets	<b>63 974</b>	<b>529</b>	<b>1 525</b>	<b>66 028</b>
<b>Total assets</b>	<b>63 974</b>	<b>529</b>	<b>1 525</b>	<b>66 028</b>
<b>Segment liabilities</b>	<b>22 784</b>	<b>–</b>	<b>–</b>	<b>22 784</b>
<b>Total liabilities</b>	<b>22 784</b>	<b>–</b>	<b>–</b>	<b>22 784</b>
<b>2008</b>				
<b>Segment revenue</b>	41 093	1 225	17 547	59 865
<b>Assets and liabilities</b>				
Segment assets	45 769	960	3 661	50 390
Investment in associate	91	–	–	91
<b>Total assets</b>	<b>45 860</b>	<b>960</b>	<b>3 661</b>	<b>50 481</b>
<b>Segment liabilities</b>	17 513	–	–	17 513
<b>Total liabilities</b>	<b>17 513</b>	<b>–</b>	<b>–</b>	<b>17 513</b>

\* Other African countries include: Kenya, Malawi, Nigeria, Ghana, Namibia, Lesotho, Swaziland and Mauritius.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

## 7. BUSINESS COMBINATIONS

### 7.1 Reverse acquisition of SilverBridge Holdings Limited

On 6 November 2006, SilverBridge acquired 100% of the voting shares of SDT, an unlisted company based in South Africa specialising in the IT insurance software industry. In exchange for the 100% equity interest in SDT, representing a fair value of R50 million (i.e. 10 000 000 SDT shares at a fair value of R5 per share), SilverBridge issued 25 000 000 ordinary shares of R2 each to the SDT Vendors. This resulted in the SDT Vendors acquiring an 82.65% controlling interest in SilverBridge.

The above business combination constitutes a reverse acquisition in terms of IFRS 3: Business Combinations, and in accordance with Annexure B of IFRS 3, the cost of the business combination is determined as the extent (number of shares) and value (fair value) of shares SDT would need to issue to result in the same shareholding that the shareholders of SDT acquired in SilverBridge.

### 7.2 Acquisition of Ones 'n Zeros Professional Services (SA) (Pty) Ltd

On 30 June 2008 the Group acquired 51% shares in Ones & Zeros. The Company delivers IT Management Consulting Services to the financial services industry.

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	Pre-acquisition carrying amounts R'000	Fair value adjustments R'000	Recognised values on acquisition R'000
Plant and Equipment	37	–	37
Intangible Assets	–	2 845	2 845
Trade Receivables	6 317	–	6 317
Cash and cash equivalents	3 344	–	3 344
Trade and other payables	(4 230)	–	(4 230)
Deferred tax liability	–	(797)	(797)
Net identifiable assets and liabilities	5 468	2 048	7 516
Minority interest @ 49%			(3 683)
Interest in identifiable assets and liabilities			3 833
Goodwill on acquisition			8 464
Consideration paid			12 297
			R'000

The settlement structure of the transaction is tabled below:

Purchase price	12 297
First settlement	
Total cash paid	(3 229)
Acquisition costs	(456)
Cash payment	(2 773)
Plus issue of shares (990 401 shares at R2.75)	(2 724)
First settlement	(5 953)
Outstanding settlement including warranty	6 344

## 7. BUSINESS COMBINATIONS (continued)

### 7.2 Acquisition of Ones 'n Zeros Professional Services (SA) (Pty) Ltd (continued)

	R'000
To be settled as follows:	
Share issue to be issued (990 401 shares to be issued 50% in May 2009 and 50% in October 2009)	2 724
Cash	2 428
– First payment in May 2009	1 195
– Second payment in October 2009	1 069
– Interest	164
Additional warranty payments in cash and shares should warranties be met	1 192
	6 344

The purchase price was settled through a cash payment of R2.773 million and by issuing 990 401 SilverBridge shares at an issue price of R2.75 a share. The balance is payable 50% in cash and 50% in equity. SilverBridge has a call option to buy the remaining 49% on similar terms to the original transaction. The minority shareholders of Ones & Zeros have a put option on similar terms. Ones & Zeros' primary business is systems implementation consulting in the banking sector, while SDT has its own software solutions for the life assurance market. The skills base of Ones & Zeros enables SilverBridge access to the consulting sector of the life assurance and banking market, while Ones & Zeros is now able to expand out of its traditional market, into life assurance.

Pre-acquisition carrying amounts were determined based on applicable IFRS immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values. In determining the fair value of current contracts acquired, the Group applied a pre-tax discount rate of 25%.

The goodwill recognised on the acquisition is attributable mainly to the skills and technical talent of the acquired business' work force, and the synergies expected to be achieved from integrating the company into the Group's existing business.

Profits of Ones & Zeros included in the consolidated Income Statement (before minority interest is eliminated) amount to R3 672 000. Pre-acquisition profits for the year not included in the Consolidated Income Statement amount to R2 503 000.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>8. REVENUE</b>				
Revenue comprises:				
Implementation services rendered	19 977	34 242	–	–
Support services rendered	11 003	9 966	–	–
Licensing fees	22 066	15 556	–	–
Consulting services rendered	17 522	101	–	101
Corporate management services	–	–	956	840
	<b>70 568</b>	<b>59 865</b>	<b>956</b>	<b>941</b>
<b>9. OTHER INCOME AND EXPENSES</b>				
<b>9.1 Other income</b>				
Insurance proceeds	–	178	–	–
Other operating income *	797	689	55	22
	<b>797</b>	<b>867</b>	<b>55</b>	<b>22</b>
* Other operating income includes professional fees and training courses presented.				
<b>9.2 Personnel expenses</b>				
Salaries	(35 701)	(28 490)	(68)	–
Contributions to the pension fund (See note 26)	(1 931)	(1 442)	–	–
Directors' emoluments (See note 28)	(6 229)	(3 834)	(495)	(261)
	<b>(43 861)</b>	<b>(33 766)</b>	<b>(562)</b>	<b>(261)</b>
<b>9.3 Depreciation and amortisation</b>				
Depreciation	(1 046)	(961)	–	–
Amortisation	(1 647)	(396)	–	–
	<b>(2 693)</b>	<b>(1 357)</b>	<b>–</b>	<b>–</b>
<b>9.4 Professional fees paid for services</b>				
Fees paid to auditors	(405)	(343)	(228)	(225)
– Audit fees	(355)	(324)	(178)	(220)
– Other services	(50)	(19)	(50)	(5)
Professional services	(2 941)	(759)	(840)	(104)
Managerial services	–	(239)	(977)	(922)
Administrative services	–	(96)	–	(96)
Recruitment and human resource services	(696)	(772)	–	–
Legal fees	(268)	(357)	(44)	(96)
Secretarial services	(77)	(77)	(76)	(77)
Outsourced IT function	–	(610)	–	–
	<b>(4 387)</b>	<b>(3 253)</b>	<b>(2 165)</b>	<b>(1 520)</b>

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>9.5 Other expenses</b>				
Operating lease charges – buildings	(1 669)	(1 167)	(105)	–
Marketing and advertising expenditure	(953)	(885)	(393)	(416)
Training and subscriptions expenditure	(869)	(711)	(20)	(4)
Insurance expenditure	(478)	(396)	(90)	–
Social responsibility expenditure	(236)	(171)	(5)	(40)
Administration expenditure	(171)	(346)	–	(2)
Travel expenditure	(2 138)	(1 464)	–	–
Travel expenditure incurred	(2 539)	(1 833)	–	–
Travel expenditure reimbursed	401	369	–	–
General staff expenses	(961)	(674)	(1)	–
Communications and computer maintenance expenditure	(1 467)	(1 485)	(1)	–
Other operating expenditure	(1 808)	(807)	(319)	(15)
Fair value adjustment	(380)	–	–	–
Loss on disposal of assets	(26)	(26)	–	–
	<b>(11 156)</b>	<b>(8 132)</b>	<b>(934)</b>	<b>(477)</b>
<b>9.6 Research costs</b>				
Research expenditure included in personnel expenses and other expenses above	(9 410)	(8 171)	–	–
<b>10. FINANCE INCOME</b>				
Interest income on bank deposits	1 001	846	109	216
Dividend received	–	–	8 600	–
	<b>1 001</b>	<b>846</b>	<b>8 709</b>	<b>216</b>
<b>11. FINANCE EXPENSE</b>				
Notional interest on deferred payment terms	(228)	–	(228)	–
Other interest paid	(60)	–	–	–
Interest paid – SARS	–	(139)	–	–
	<b>(288)</b>	<b>(139)</b>	<b>(228)</b>	<b>–</b>
<b>12. INCOME TAX EXPENSE</b>				
<b>12.1 Current tax expense</b>				
South African normal taxation	(3 327)	(5 426)	–	–
– Current year	(3 693)	(4 483)	–	–
– Adjustment in respect of previous years	366	(943)	–	–
Secondary tax on companies	(275)	–	–	–
Deferred tax	1 007	1 205	664	267
– Relating to origination and reversal of temporary differences	1 007	335	664	280
– Adjustment in respect of previous years	–	964	–	6
– Relating to applicable tax rate change	–	(94)	–	(19)
	<b>(2 595)</b>	<b>(4 221)</b>	<b>664</b>	<b>267</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	Group		Company	
	2009 %	2008 %	2009 %	2008 %
<b>12. INCOME TAX EXPENSE (continued)</b>				
<b>12.2 Reconciliation of effective rate of taxation</b>				
South African normal tax rate	<b>28.00</b>	29.00	<b>28.00</b>	29.00
Adjusted for:				
– Additional tax deductible expenses	–	(0.85)	–	–
– Associate profit for the year	<b>(0.03)</b>	(0.04)	–	–
– Non-deductible expenses	<b>2.79</b>	1.49	<b>1.93</b>	(3.66)
– Non-taxable income	<b>(3.88)</b>	(0.04)	<b>(41.30)</b>	0.59
– Secondary tax on companies	<b>2.75</b>	–	–	–
– Tax rate change	–	0.67	–	(1.73)
– Over/(Under) provision tax in prior years	<b>(3.66)</b>	(0.14)	–	0.55
Effective tax rate	<b>25.97</b>	30.09	<b>(11.37)</b>	24.75

## 13. EARNINGS PER SHARE

### 13.1 Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent, of R6 200 000 (2008: R9 807 000) by the weighted average number of ordinary shares outstanding during the year of 33 150 416 (2008: 32 491 045).

	Group	
	2009 Number of shares '000	2008 Number of shares '000
<b>Reconciliation of the weighted average number of shares in issue</b>		
Shares in issue at the beginning of the year	<b>32 597</b>	32 597
Effect of treasury shares acquired on 1 March 2007	<b>(106)</b>	(106)
Weighted average of share allotment of 990 401 shares	<b>659</b>	–
<b>Weighted average number of shares in issue at the end of the year</b>	<b>33 150</b>	32 491
	<b>R'000</b>	R'000
<b>Earnings attributable to ordinary shareholders</b>	<b>6 200</b>	9 807
<b>Basic earnings per share (cents)</b>	<b>18.70</b>	30.18

### 13.2 Headline earnings per ordinary share

Headline earnings per ordinary share is calculated by dividing the headline earnings attributable to ordinary equity holders of the parent of R6 226 000 (2008: R9 833 000) by the weighted average number of ordinary shares outstanding during the year of 33 150 416 (2008: 32 491 045).

	Group	
	2009 Number of shares '000	2008 Number of shares '000
<b>Weighted average number of shares in issue</b>	<b>33 150</b>	32 491
	<b>R'000</b>	R'000
<b>Reconciliation between basic earnings and headline earnings</b>		
Basic earnings	<b>6 200</b>	9 807
Adjusted for:		
– Loss on disposal of equipment	<b>26</b>	26
Headline earnings	<b>6 226</b>	9 833
<b>Headline earnings per share (cents)</b>	<b>18.78</b>	30.26

### 13.3 Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by dividing the diluted earnings attributable to ordinary equity holders of the parent of R6 200 000 (2008: R9 807 000) by the diluted average number of ordinary shares of 37 816 463 (2008: 32 491 045).

	Group	
	2009 Number of shares '000	2008 Number of shares '000
Weighted average number of shares in issue	<b>33 150</b>	32 491
Adjusted for new shares to be issued in future periods	<b>4 666</b>	–
<b>Shares used for diluted earnings per share</b>	<b>37 816</b>	32 491
	<b>R'000</b>	R'000
<b>Earnings attributable to ordinary shareholders</b>	<b>6 200</b>	9 807
<b>Diluted earnings per share (cents)</b>	<b>16.40</b>	30.18

### 13.4 Diluted Headline earnings per ordinary share

Diluted headline earnings per ordinary share is calculated by dividing the headline earnings attributable to ordinary equity holders of the parent of R6 226 000 (2008: R9 883 000) by the weighted average number of ordinary shares outstanding during the year of 37 816 463 (2008: 32 491 045).

	Group	
	2009 Number of shares '000	2008 Number of shares '000
Weighted average number of shares in issue	<b>33 150</b>	32 491
Adjusted for new shares to be issued in future periods	<b>4 666</b>	–
<b>Shares used for diluted earnings per share</b>	<b>37 816</b>	32 491
	<b>R'000</b>	R'000
<b>Reconciliation between basic earnings and headline earnings</b>		
Basic earnings	<b>6 200</b>	9 807
Adjusted for:		
– Gain on disposal of equipment	<b>26</b>	26
Headline earnings	<b>6 226</b>	9 833
Headline earnings per share (cents)	<b>16.47</b>	30.26

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

## 14. PLANT AND EQUIPMENT

### 14.1 Plant and equipment summary of movements during the year per category of asset

	Computer hardware R'000	Computer software R'000	Office equipment R'000	Furniture & fittings R'000	Motor vehicles R'000	Plant R'000	Total R'000
<b>Group Cost</b>							
Balance at 1 March 2007	3 332	1 537	349	1 368	70	–	6 656
Additions	677	61	322	75	–	206	1 341
Disposals	(176)	–	(55)	(9)	–	–	(240)
Balance at 29 February 2008	3 833	1 598	616	1 434	70	206	7 757
Acquisitions through business combination	<b>37</b>	–	–	–	–	–	<b>37</b>
Additions	<b>410</b>	<b>133</b>	<b>60</b>	<b>131</b>	–	<b>3</b>	<b>737</b>
Disposals	<b>(36)</b>	–	–	<b>(426)</b>	–	–	<b>(462)</b>
<b>Balance at 28 February 2009</b>	<b>4 244</b>	<b>1 731</b>	<b>676</b>	<b>1 139</b>	<b>70</b>	<b>209</b>	<b>8 069</b>
<b>Accumulated depreciation and impairment</b>							
Balance at 1 March 2007	2 260	1 491	174	958	70	–	4 953
Depreciation for the year	723	60	78	96	–	4	961
Disposals	(141)	–	(55)	(1)	–	–	(197)
Balance at 29 February 2008	2 842	1 551	197	1 053	70	4	5 717
Depreciation for the year	<b>705</b>	<b>86</b>	<b>98</b>	<b>105</b>	–	<b>52</b>	<b>1 046</b>
Disposals	<b>(27)</b>	–	–	<b>(310)</b>	–	–	<b>(337)</b>
<b>Balance at 28 February 2009</b>	<b>3 520</b>	<b>1 637</b>	<b>295</b>	<b>848</b>	<b>70</b>	<b>56</b>	<b>6 426</b>
Carrying amounts							
At 1 March 2007	1 072	46	175	410	–	–	1 703
At 29 February 2008	991	47	419	381	–	202	2 040
<b>At 28 February 2009</b>	<b>724</b>	<b>94</b>	<b>381</b>	<b>291</b>	<b>–</b>	<b>153</b>	<b>1 643</b>

\* There is no plant and equipment note for the Company as the Company did not own any plant and equipment at year end.

## 15. INTANGIBLE ASSETS

### 15.1 Intangible assets summary of movements during the year per category of asset

	Goodwill R'000	Contracts capitalised in Ones & Zeros acquisition R'000	Development cost capitalised Exergy software R'000	Development cost capitalised Complementary products to Exergy R'000	Internal productivity tools R'000	Total R'000
<b>Group Cost</b>						
Balance at 1 March 2007	8 178	–	3 128	334	150	11 790
Development costs capitalised	–	–	349	473	–	822
Balance at 29 February 2008	8 178	–	3 477	807	150	12 612
Arising on acquisition of Ones & Zeros	<b>8 463</b>	<b>2 845</b>	–	–	–	<b>11 308</b>
Development costs capitalised	–	–	<b>1 056</b>	<b>379</b>	–	<b>1 435</b>
<b>Balance at 28 February 2009</b>	<b>16 641</b>	<b>2 845</b>	<b>4 533</b>	<b>1 186</b>	<b>150</b>	<b>25 355</b>
<b>Accumulated amortisation and impairment</b>						
Balance at 1 March 2007	–	–	599	–	–	599
Amortisation for the year	–	–	316	59	21	396
Balance at 29 February 2008	–	–	915	59	21	995
Amortisation for the year	–	1 232	316	77	22	1 647
<b>Balance at 28 February 2009</b>	<b>–</b>	<b>1 232</b>	<b>1 231</b>	<b>136</b>	<b>43</b>	<b>2 642</b>
Carrying amount						
At 1 March 2007	8 178	–	2 529	334	150	11 191
At 29 February 2008	8 178	–	2 562	748	129	11 617
<b>At 28 February 2009</b>	<b>16 641</b>	<b>1 613</b>	<b>3 302</b>	<b>1 050</b>	<b>107</b>	<b>22 713</b>

\* There is no intangible asset note for the Company as the Company did not own any intangible assets at year end.

for the year ended 28 February 2009

## 15.2 Impairment testing of goodwill

Goodwill of R8 178 000 acquired by the Group through the reverse acquisition of SilverBridge (See note 7: Business combination, for further detail) has been allocated to SDT, being the smallest cash generating unit which will benefit from the acquisition. Goodwill of R8 464 000 acquired by the Group through the acquisition of Ones & Zeros has been allocated to Ones & Zeros, being the smallest cash generating unit which will benefit from the acquisition.

The recoverable amount of the goodwill has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by senior management covering a five year period. The discount rate applied to the cash flow projection is 25% (2008: 25%) and cash flows beyond the five year period are extrapolated using a 15% growth rate that is the same as the long-term average growth rate of the Group. No impairment loss was required for the 2009 (2008: nil) financial year.

### 15.2.1 Key assumptions used in the value in use calculation for goodwill

The following describes each key assumption on which management has based its cash flow projections to undertake the impairment testing of goodwill:

- i. Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the preceding years before the budget year; increased for expected efficiency improvements.
- ii. Pre-tax discount rate – The cost of capital of the Group has been taken into account.

### 15.2.2 Factors contributing towards the cost which has resulted in goodwill

The major factors contributing towards the cost which has resulted in the goodwill are:

- i. The benefits derived from the existing, well established client base of both companies;
- ii. The high level of reputational stability and reliability of both companies;
- iii. The access to capital for implementation of the various strategies of the Group provided by the listed status of the Group; and
- iv. The present financial stability creating a sound foundation for future growth.

## 15.2.3 Sensitivity to changes in assumptions

With regard to the assessment of value in use of both companies, management believes that there is no foreseeable possible change in any of the above key assumptions which would cause the carrying value of the unit to materially exceed its recoverable amount.

Growth rate assumptions: Management recognises that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to impact adversely on forecasts included in the budget.

## 15.3 Intangible assets with a finite useful life

### 15.3.1 Exergy software

The Group's main software product, Exergy, has been developed internally. The Group currently amortises the Exergy software over a period of ten years on a straight line basis. Management has reviewed the estimated useful life of Exergy and believes it still to be reasonable.

### 15.3.2 Complementary product offering to the Exergy software

The Group has developed software products internally, that are complementary to the Exergy system offering and which are still under development. The Group currently amortises the complementary Exergy products over a range of five to seven years, based on the nature of each of the individual products. Management has reviewed the useful lives of the products and believes these to be reasonable. The complementary products still under development have been tested for impairment. No impairment was found or noted. The recoverable amount was determined based on a value in use calculation, using cash flow projections over a five year period, based on approved financial budgets and applying a discount rate of 25%.

### 15.3.3 Software tools

Software tools represent a combination of tools developed in-house, that automate programming and development functions, which result in time and cost savings. The tools are utilised in connection with the Exergy software, and are amortised over the remaining useful life of Exergy, on a straight line basis. Management has reviewed the useful lives of the products and believes these to be reasonable.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>16. INVESTMENT IN SUBSIDIARIES</b>				
<b>16.1 Unlisted investments</b>				
At cost				
Shares in SDT Financial Software Solutions (Pty) Ltd	–	–	50 981	50 981
Shares in Ones 'n Zeros Professional Services (SA) (Pty) Ltd	–	–	12 297	–
Dividend received from pre-acquisition reserve	–	–	(1 402)	–
	–	–	61 876	50 981
<b>16.2 Shares in SDT Financial Software Solutions (Pty) Ltd</b>				
See note 27: Related parties, for details regarding the investment in SDT Financial Software Solutions (Pty) Ltd. SDT is incorporated in the Republic of South Africa. The Company owns 100% of the equity interest in SDT.				
<b>16.3 Shares in Ones 'n Zeros Professional Services (SA) (Pty) Ltd</b>				
See note 27: Related parties, for details regarding the investment in Ones 'n Zeros Professional Services (SA) (Pty) Ltd. Ones & Zeros is incorporated in the Republic of South Africa. The Company owns 51% of the equity interest in Ones & Zeros.				
	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>17. INVESTMENT IN ASSOCIATE</b>				
<b>17.1 Unlisted</b>				
<b>Silburn Drake Staff Connection (Pty) Ltd (SDSC)</b>				
– Shares at cost	–*	–*	–	–
– Post acquisition earnings transferred from equity	91	71	–	–
– Share of profit in associate for the year	10	20	–	–
<b>Equity accounted investment in associate</b>	<b>101</b>	<b>91</b>	<b>–</b>	<b>–</b>
<b>Directors' valuation of unlisted share investments</b>	<b>101</b>	<b>91</b>	<b>–</b>	<b>–</b>
* The Group owns 25% (2008: 25%) of the issued share capital of SDSC.				
<b>17.2 Summary of the associate's financial position and financial results</b>				
Associate's Balance Sheet:				
– Current assets	735	308	–	–
– Non-current assets	86	122	–	–
– Current liabilities	(417)	(66)	–	–
– Non-current liabilities	–	–	–	–
<b>Net assets</b>	<b>404</b>	<b>364</b>	<b>–</b>	<b>–</b>
Associate's revenue and profits				
– Revenue	3 507	1 257	–	–
<b>Group's proportion of profit for the year</b>	<b>10</b>	<b>20</b>	<b>–</b>	<b>–</b>
<b>Elimination of Group's share in unrealised profits and losses</b>	<b>–</b>	<b>(167)</b>	<b>–</b>	<b>–</b>
<b>Share of profit/(loss) in associate</b>	<b>10</b>	<b>(147)</b>	<b>–</b>	<b>–</b>

The associate's presented results had not yet been audited by the date of approval of this report.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>18. DEFERRED TAX ASSETS AND LIABILITIES**</b>				
<b>18.1 Composition of deferred tax</b>				
Deferred tax assets				
Estimated tax losses *	1 186	522	1 185	522
Provision for impairment on trade receivables	137	238	–	–
Leave accrual	367	237	–	–
Withholding tax rebate provision	2 852	2 370	–	–
Plant and equipment	2	–	–	–
Deferred revenue	–	230	–	–
	4 544	3 597	1 185	522
Deferred tax liability				
Recognition of deferred liability on acquisition	(797)	–	–	–
Capitalisation of intangible assets	(903)	(963)	–	–
	(1 700)	(963)	–	–
<b>Net deferred tax asset</b>	<b>2 844</b>	<b>2 634</b>	<b>1 185</b>	<b>522</b>
<b>18.2 Reconciliation of movements on deferred tax assets</b>				
Balance at the beginning of the year	3 597	2 303	522	255
Temporary differences recognised through the Income Statement	947	1 422	663	286
Estimated tax losses *	664	286	663	286
Specific impairment on trade receivables	(101)	246	–	–
Accrual for leave	130	(13)	–	–
Withholding tax rebate provision and accrual	482	1 065	–	–
Temporary differences on Plant and equipment	2	–	–	–
Deferred revenue	(230)	(162)	–	–
Change in tax rate	–	(128)	–	(19)
<b>Balance at the end of the year</b>	<b>4 544</b>	<b>3 597</b>	<b>1 185</b>	<b>522</b>
<b>18.3 Reconciliation of movements on deferred tax liabilities</b>				
Balance at the beginning of the year	(963)	(874)	–	–
Temporary differences recognised through the Income Statement	60	(123)	–	–
Reversal of temporary differences on capitalisation of development costs	60	(123)	–	–
Recognition of deferred tax liability on acquisition	(797)	–	–	–
Change in tax rate	–	34	–	–
<b>Balance at the end of the year</b>	<b>(1 700)</b>	<b>(963)</b>	<b>–</b>	<b>–</b>

\* Estimated tax losses represent the expected tax loss for the year, not yet assessed.

\*\* South African normal taxation rate of 28% (2008: 28%).

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

## 18.4 Significant judgments and estimates regarding recognised deferred tax assets

The Group has tax losses which are available for offset against future taxable profits of the company in which the losses arose. The taxation losses do not expire under current South African taxation legislation, unless the Company does not generate trading taxable profits. During 2009 the future tax losses have been recognised as a deferred tax asset as it is probable that the losses will be recovered from future taxable profits of the Company. This has been determined based on the following estimations and judgments.

### 18.4.1 The Company will generate future taxable profits against which the tax losses can be utilised

Management forecasts that a taxable profit will be generated in the foreseeable future against which the tax losses can be utilised. Management estimates that the Company is expected to make future taxable profits from the earnings of interest income as well as from inter-group corporate office services provided to other Group companies, in terms of agreements entered into by the Group companies.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>19. TRADE AND OTHER RECEIVABLES</b>				
<b>19.1 Composition</b>				
Trade receivables	18 411	11 866	–	18
Less: specific impairment (see note 29.1.3)	–	(1 134)	–	–
Less: withholding tax included in receivables	(1 535)	–	–	–
Net trade receivables	16 876	10 732	–	18
VAT receivable	–	512	416	509
Other receivables	20	49	–	–
Related party receivables (see note 27.2)	–	35	1 190	589
	16 896	11 328	1 606	1 116

### 19.2 Terms and conditions

For terms and conditions relating to related party receivables, see note 27: Related parties.

Trade and other receivables are non-interest bearing and have a normal payment term of 30 days. Collection terms are 30 days. The impact of the time value of money between collection date and invoice date was taken into account in determining the fair value of trade and other receivables.

See note 29 for risk disclosures concerning financial instruments.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>20. CASH AND CASH EQUIVALENTS</b>				
Cash at bank and in hand	12 098	1 732	3 020	220
Short-term deposits	4 000	10 899	–	899
	16 098	12 631	3 020	1 119

Cash at bank earns interest at floating rates based on daily interest rates. Short-term deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>21. SHARE CAPITAL</b>				
<b>21.1 Authorised</b>				
At the beginning of the year	2 000	2 000	2 000	2 000
At the end of the year	2 000	2 000	2 000	2 000
The authorised share capital consists of 200 000 000 (2008: 200 000 000) ordinary shares of par value 1 cent (2007: 1 cent) each.				
<b>21.2 Issued and fully paid</b>				
Balance at the beginning of the year	326	326	326	326
Issued on acquisition of Ones & Zeros (990 401 shares)	10	–	10	–
<b>Balance at the end of the year</b>	<b>336</b>	326	<b>336</b>	326
	'000	'000	'000	'000
<b>21.3 Reconciliation of number of shares in issue</b>				
Balance at the beginning of the year	32 597	32 597	32 597	32 597
Issued on acquisition of Ones & Zeros (990 401 shares)	990	–	990	–
<b>Balance at the end of the year</b>	<b>33 587</b>	32 597	<b>33 587</b>	32 597
	R'000	R'000	R'000	R'000
<b>21.4 Acquisition shares</b>				
The acquisition shares represent future shares to be issued to settle the purchase price of Ones & Zeros.				
<b>Reconciliation of acquisition shares</b>				
Balance at the beginning of the year	–	–	–	–
Originating out of Ones & Zeros acquisition	2 724	–	2 724	–
<b>Balance at the end of the year</b>	<b>2 724</b>	–	<b>2 724</b>	–
<b>21.5 Directors powers over share capital</b>				
The directors are authorised, by resolution of the shareholders, until the next AGM of the Company, to issue and dispose of the authorised but un-issued shares of the Company, subject to the requirements of the Companies Act and the rules and regulations of the JSE Limited, to allot and/or issue shares to such persons on such terms and conditions as they may determine.				
<b>21.6 Rights of ordinary shareholders</b>				
The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank <i>pari passu</i> and equally with regard to the Company's residual value of the shares.				

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>21.7 Share premium</b>				
Balance at the beginning of the year	10 797	14 872	66 372	70 447
Issued on acquisition of Ones & Zeros (990 401 shares)	2 714	–	2 714	–
Capital distribution 2 July 2007	–	(4 075)	–	(4 075)
Capital distribution 4 July 2008*	(4 903)	–	(4 904)	–
<b>Balance at the end of the year</b>	<b>8 608</b>	<b>10 797</b>	<b>64 182</b>	<b>66 372</b>
* A capital distribution of R4 903 500 was approved by shareholders on 4 July 2008 and paid on 8 August 2008.				
<b>22. TRADE AND OTHER PAYABLES</b>				
Trade payables	706	360	195	33
Withholding tax rebate payable	8 650	7 028	–	–
VAT payable	698	–	–	–
Leave accrual	1 311	845	–	–
Liability on capital reduction	1 310	–	1 310	–
Other payables (accruals)	3 138	4 498	40	16
Ones & Zeros purchase price liability	3 840	–	3 840	–
Other related party payables	–	63	2 397	822
	<b>19 653</b>	<b>12 794</b>	<b>7 782</b>	<b>871</b>

Trade payables are non-interest bearing and are normally settled on 30 day terms. Other payables are non-interest bearing and have an average term of 30 days.

For terms and conditions relating to related party receivables, see note 27: Related parties.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>23. PROVISIONS</b>				
Withholding tax rebate provision				
Balance at the beginning of the year	1 437	4 793	–	–
Utilised during the year	(1 622)	(5 172)	–	–
Arising during the year	1 721	1 816	–	–
<b>Balance at the end of the year</b>	<b>1 536</b>	<b>1 437</b>	<b>–</b>	<b>–</b>

## 23.1 Withholding tax rebate provision

The Group's contractual terms and conditions regarding pricing to clients require the billing of clients to be marked up with an additional percentage of income, to accommodate withholding taxes in foreign countries. The purpose of the contractual terms is to allow the Group to remain in the same cash flow position as would have been the case if the contracts were negotiated locally. The additional mark-up on invoicing reflects a rebate that is given to clients, on receipt of the relevant withholding tax certificates. The Group is contractually committed to provide foreign clients who are required to withhold tax from the Group in their country, with a rebate if and when the South African Revenue Services allows the Group a section 6quat rebate on the related foreign taxable income. The provision represents fees for which the Group has not yet received withholding tax certificates from the respective clients.

The timing of the receipt of the certificates is dependent on the client obtaining certificates from the foreign government in its country. Should the certificates not be received within seven years, the rebate falls away, as the Group will be disqualified from receiving the 6quat rebate, in terms of the current tax rulings regarding section 6quat. Once the certificates have been received, the rebate in favour of the client concerned is transferred from the provision to the accrual.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>24. NOTES TO THE CASH FLOW STATEMENT</b>				
<b>24.1 Cash generated from/(utilised in) operating activities</b>				
Profit/(loss) before taxation	9 991	14 028	5 831	(1 079)
Adjusted for:				
– Depreciation	1 046	961	–	–
– Amortisation	1 647	396	–	–
– Doubtful debts	(943)	–	–	–
– Loss on onerous contract	25	–	–	–
– Notional interest charged	380	–	–	–
– Loss on disposal of equipment	26	26	–	–
– Share of profit in associate	(10)	(20)	–	–
– Change in revenue recognised not yet invoiced	5 755	(4 910)	–	–
– Change in deferred revenue	(1 687)	(2 232)	–	–
– Foreign exchange losses on cash on hand	–	3	–	–
– Interest income	(1 001)	(846)	(8 709)	(216)
– Finance costs paid	288	139	228	–
	<b>15 517</b>	<b>7 545</b>	<b>(2 650)</b>	<b>(1 295)</b>
Net working capital movements:	(1 141)	2 664	1 271	(243)
– Decrease/(increase) in accounts receivable	1 287	1 728	(491)	(652)
– (Decrease)/increase in accounts payable	(2 428)	936	1 761	409
<b>Cash generated from/(utilised in) operations</b>	<b>14 376</b>	<b>10 209</b>	<b>(1 379)</b>	<b>(1 538)</b>
<b>24.2 Reconciliation of taxation paid</b>				
Taxation receivable at beginning of year	3 164	250	–	–
Income statement charge	(3 327)	(5 426)	–	–
Taxation (receivable) at end of year	(4 512)	(3 164)	–	–
<b>Net taxation paid</b>	<b>(4 675)</b>	<b>(8 340)</b>	<b>–</b>	<b>–</b>
<b>24.3 Acquisition of subsidiary</b>				
On 30 June 2008 the Group acquired Ones & Zeros. See note 7: Business combinations, for further detail.				
<b>24.4 Reconciliation of capital distribution</b>				
Capital distribution approved during the year	(4 903)	(4 075)	(4 903)	(4 075)
Amounts still owing to shareholders at year end	1 310	–	1 310	–
<b>Capital distribution paid</b>	<b>(3 593)</b>	<b>(4 075)</b>	<b>(3 593)</b>	<b>(4 075)</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>25. COMMITMENTS AND CONTINGENCIES</b>				
<b>25.1 Operating lease commitments</b>				
Group as lessee				
Future minimum lease payments under non-cancellable operating lease:				
Not later than 1 year	480	1 505	–	–
Later than 1 year and not later than 5 years	367	271	–	–
	<b>847</b>	1 776	–	–
<b>25.2 Capital commitments</b>				
Contracted for but not provided for	–	400	–	–
Authorised but not contracted for	3 011	1 198	–	–
	<b>3 011</b>	1 598	–	–

No contracted capital commitments exist at year end. Although an IT budget exists for the Group whereby new computers will be acquired, no agreements have been entered into for these.

## 26. DEFINED CONTRIBUTION PLANS

The subsidiaries in the Group operate retirement benefit plans that are governed by the Pension Funds Act (Act No 24 of 1956). The plans cover all qualifying employees. The assets of the schemes are held separately from those of the subsidiaries, in funds under the control of suitably qualified trustees.

The only obligation of the Group to the retirement benefit plans is to deduct employee contributions monthly and to pay these over to the administrators. The subsidiaries in the Group's total contribution to the funds amounted to R1 931 367 (2008: R1 442 450) which represents contributions payable to the schemes by the subsidiaries based on the rates specified in the rules of the schemes. No contributions were due to the schemes as at 28 February 2009 (2008: nil).

## 27. RELATED PARTIES

### 27.1 Group subsidiaries and associate

The following Group companies are included within the Group financial statements:

	Nature of business	Country of incorporation	% Equity interest	
			2009	2008
<i>Subsidiaries (based on the legal Group structure)</i>				
SDT Financial Software Solutions (Pty) Ltd	IT Software	RSA	100	100
Ones & Zeros Professional Services (SA) (Pty) Ltd (See note 7.2 for business combination information)	IT consulting	RSA	51	–
<i>Associate Company</i>				
Silburn Drake Staff Connections (Pty) Ltd (See note 17 for investment in associate)	Recruitment and human capital	RSA	25	25

### 27.1.1 Acquisition of Ones & Zeros

SilverBridge acquired 51% of the equity of Ones & Zeros on 1 July 2008 for R12.3 million. The purchase price was settled through a cash payment of R2.773 million and by issuing 990 401 SilverBridge shares at an issue price of R2.75 a share. The balance of the purchase price is payable 50% in cash and 50% by the issue of SilverBridge shares provided that Ones & Zeros achieves its profit forecasts.

SilverBridge has a call option to buy the remaining 49% on similar terms to the original transaction. The minority shareholders of Ones & Zeros have a put option on similar terms.

### 27.1.2 Entities with significant influence over the Group

Significant influence represents the power to participate in the financial and operating policy decisions of an investee but is not control nor joint control over those policies. Practise presumes that significant influence exists where the investor can exercise 20% or more of the voting power of an investee unless this can be demonstrated to the contrary.

- i capital Advisors (Pty) Ltd retains significant influence over the Group as it has 1 director on the board of 9 directors, representing an interest of 11.1% (2008: 29%).
- ii. Jaco Swanepoel Trust holds 23.54% of the ordinary shares in the Group (2008: 24.26%).
- iii. CShell holds 19.41% of the ordinary shares in the Group (2008: 20.00%), and has 2 directors on the board of 9 directors, representing an interest of 22.2% (2008: 29%).
- iv. Freda du Toit Family Trust holds 23.54% of the ordinary shares in the Group (2008: 24.26%).

### 27.1.3 Associate

The Group has a 25% interest in Silburn Drake Staff Connections (Pty) Ltd (2008: 25%). The related associate shareholder is M Oberholzer.

### 27.2 Significant related party transactions

Related party relationships exist between shareholders, subsidiaries and the associate company within the Group as well as its Group key management personnel who are defined as the directors of the Group and Company.

The transactions are concluded at arm length in the normal course of business. All material intra-group transactions are eliminated on consolidation.

The related party transactions are summarised as follows:

The following table provides a summary of the total amounts of transactions entered into with related parties for the relevant financial year and the corresponding amounts owing or payable to the Group.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	Recruitment services R'000	Management fees received/ (paid) R'000	Consulting fees received/ (paid) R'000	Amounts owed by related parties R'000	Amounts owed to related parties R'000
<b>Group 2009</b>					
<b>Entities with significant influence over the Group</b>					
i capital Advisors (Pty) Ltd	-	(360)	(250)	-	(951)
<b>Associate</b>					
Silburn Drake Staff Connections (Pty) Ltd	(504)	-	-	-	-
	(504)	(360)	(250)	-	(951)

	Recruitment services R'000	Management fees received/ (paid) R'000	Amounts owed by related parties R'000	Amounts owed to related parties R'000
--	-------------------------------	--	--	--

<b>Group 2008</b>				
<b>Entities with significant influence over the Group</b>				
i capital Advisors (Pty) Ltd	-	-	(225)	-
CShell 448 (Pty) Ltd	-	-	-	35
<b>Associate</b>				
Silburn Drake Staff Connections (Pty) Ltd	(668)	-	-	-
	(668)	(225)	35	(63)

The following table provides a summary of the total amounts of transactions entered into with related parties for the relevant financial year and the corresponding amounts owing or payable to the Company.

	Recruitment services R'000	Management/ Consulting fees received/ (paid) R'000	Reimbursement of cost R'000	Amounts owed by related parties R'000	Amounts owed to related parties R'000
<b>Company 2009</b>					
<b>Entities with significant influence over the Group</b>					
i capital Advisors (Pty) Ltd	-	(610)	-	-	-
Cshell 448 (Pty) Ltd	-	-	-	-	(951)
<b>Subsidiary companies (based on the legal group structure)</b>					
SDT Financial Software Solutions (Pty) Ltd	-	-	-	-	-
- Corporate management fees received	-	796	-	1 130	-
- Management fees paid	-	(977)	-	-	(2 373)
Ones 'n Zeros Professional Services (SA) (Pty) Ltd	-	-	-	-	-
- Corporate management fees received	-	193	-	60	-
- Reimbursement of costs	-	-	(200)	-	(24)
	-	(598)	(200)	1 190	(3 348)

The following table provides a summary of the total amounts of transactions entered into with related parties for the relevant financial year and the corresponding amounts owing or payable to the Company.

	Recruitment services R'000	Management fees received/ (paid) R'000	Amounts owed by related parties R'000	Amounts owed to related parties R'000
<b>Company 2008</b>				
<b>Entities with significant influence over the Group</b>				
i capital Advisors (Pty) Ltd	-	(225)	-	(42)
CShell 448 (Pty) Ltd	-	-	35	-
<b>Subsidiary companies (based on the legal group structure)</b>				
SDT Financial Software Solutions (Pty) Ltd				
- Corporate management fees received	-	840	554	-
- Management fees paid	-	(684)	-	(780)
	-	(69)	589	(822)

## 27.3 Terms and conditions with related parties

Related party payables and receivables are at arms length and have normal repayment terms of 30 days from invoice. Outstanding balances at the year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivable or payables. The Group has not suffered any impairment losses relating to any amounts owed by related parties (2008: nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>27.4 Key management personnel</b>				
<b>Summary of key management personnel's remuneration</b>				
Short-term employee benefits	6 229	3 834	495	261
<b>Total compensation paid to key management personnel</b>	<b>6 229</b>	<b>3 834</b>	<b>495</b>	<b>261</b>
* Key management personnel are defined as the directors of the Group.				
<b>28. DIRECTORS' REMUNERATION</b>				
Executive	4 240	3 426	180	181
Non-executive	1 989	408	315	80
	<b>6 229</b>	<b>3 834</b>	<b>495</b>	<b>261</b>
<b>28.1 Remuneration paid by</b>				
The legal holding Company (SilverBridge)	495	261	495	261
The legal subsidiary company (SDT)	3 733	3 573	-	-
The legal subsidiary company (Ones & Zeros)	2 001	-	-	-
	<b>6 229</b>	<b>3 834</b>	<b>495</b>	<b>261</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	Basic salary R'000	Company contribution and expense Bonus allowances R'000	Fees as directors R'000	Fees for other services R'000	Leave pay out R'000	Total R'000
<b>2009</b>						
<b>Group directors' fees</b>						
<b>Directors</b>						
<i>Executive directors SilverBridge</i>						
– J Swanepoel (CEO)	775	–	89	–	–	864
– S Duetsch	920	225	50	–	–	1 195
– J Maritz (FD)	911	–	84	–	–	995
<i>Executive directors SDT</i>						
– G Erasmus	369	–	43	–	–	412
<i>Executive directors Ones &amp; Zeros</i>						
– A Newell	664	75	35	–	–	774
<b>Total executive directors fees</b>	<b>3 639</b>	<b>300</b>	<b>301</b>	<b>–</b>	<b>–</b>	<b>4 240</b>
<i>Non-executive directors SilverBridge</i>						
– A Sangqu	–	–	–	–	–	–
– J de Villiers	–	–	–	93	–	93
– F du Toit	–	–	–	–	1 412	1 412
– N Mokone	–	–	–	–	–	–
– TC Murray	–	–	–	–	–	–
– D Smollan	–	–	–	80	–	80
– J van den Hooven	–	–	–	–	–	–
– R Williams	–	–	–	–	–	–
– S Sangweni	–	–	–	–	–	–
<i>Non-executive directors SDT</i>						
– J Reyneke	–	–	–	40	288	328
<i>Non-executive directors SDT and Ones &amp; Zeros</i>						
– L du Rand	–	–	–	20	56	76
<b>Total non-executive directors fees</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>233</b>	<b>1 756</b>	<b>1 989</b>
<b>Total Group directors' fees paid</b>	<b>3 639</b>	<b>300</b>	<b>301</b>	<b>233</b>	<b>1 756</b>	<b>6 229</b>

	Basic salary R'000	Company contribution and expense Bonus allowances R'000	Fees as directors R'000	Fees for other services R'000	Leave pay out R'000	Total R'000
<b>2008</b>						
<b>Group directors' fees</b>						
<i>Directors of SilverBridge and SDT</i>						
<i>Executive directors</i>						
– J Swanepoel (CEO)	754	216	110	–	–	1 080
– F du Toit	754	216	110	–	110	1 190
– J Maritz (FD)	831	255	70	–	–	1 156
<b>Total executive directors fees</b>	<b>2 339</b>	<b>687</b>	<b>290</b>	<b>–</b>	<b>110</b>	<b>3 426</b>
<i>Non-executive directors</i>						
– A Sangqu (Chairman)	–	–	–	–	–	–
– D Smollan	–	–	–	40	–	40
– J van den Hooven	–	–	–	–	–	–
– R Williams	–	–	–	40	–	40
	–	–	–	80	–	80
<i>Director of SDT only</i>						
<i>Non-executive directors</i>						
– J Reyneke	–	–	–	40	288	328
<b>Total non-executive directors fees</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>120</b>	<b>288</b>	<b>408</b>
<b>Total Group directors' fees paid</b>	<b>2 339</b>	<b>687</b>	<b>290</b>	<b>120</b>	<b>288</b>	<b>3 834</b>

## 29. FINANCIAL INSTRUMENTS

### Credit risk

#### 29.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum financial exposure to credit risk.

The maximum financial exposure to credit risk at the reporting date was:

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>Carrying amount</b>				
Trade and other receivables	16 896	11 328	1 606	1 116
Cash and cash equivalents	16 098	12 631	3 020	1 119
	<b>32 994</b>	<b>23 959</b>	<b>4 626</b>	<b>2 235</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
<b>29.1.1 Aging analysis of trade receivables</b>				
The trade receivables aging at year end was:				
Carrying amount				
Neither past due nor impaired	12 107	4 327	–	–
Past due but not impaired				
Past due 0-30 days	2 666	337	–	–
Past due 31-120 days	1 751	1 091	–	18
More than 120 days	352	4 977	–	–
	<b>16 876</b>	<b>10 732</b>	<b>–</b>	<b>18</b>

Based on historic default rates, as well as recent collections from the debtors, the Group believes that no impairment allowance is necessary in respect of trade receivables.

## 29.1.2 Geographical analysis of credit risk exposure

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Carrying amount				
RSA	10 311	6 111	–	18
Other African countries	5 993	3 661	–	–
Zimbabwe	572	960	–	–
	<b>16 876</b>	<b>10 732</b>	<b>–</b>	<b>18</b>

## 29.1.3 Impairment losses

### Aging of impaired trade receivables

The aging of impaired trade receivables at year end was:

	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Not past due	–	34	–	–
Past due 0-30 days	–	34	–	–
Past due 31-120 days	–	203	–	–
More than 120 days	–	863	–	–
	<b>–</b>	<b>1 134</b>	<b>–</b>	<b>–</b>

The impairment account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly. At the reporting date the Group does not have any collective impairment on its trade receivables (2008: nil).

No impairment loss recognised in 2009 (2008: R1.134 million).

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
At 1 March	1 134	378	–	–
Impairment loss recognised	–	1 134	–	–
Amounts reversed during the year	(1 134)	(378)	–	–
<b>At 28 February</b>	<b>–</b>	<b>1 134</b>	<b>–</b>	<b>–</b>

## 29.2 Fair values

### Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet, are as follows:

	28 February 2009		29 February 2008	
	Carrying Amount R'000	Fair Value R'000	Carrying Amount R'000	Fair Value R'000
<b>Group</b>				
Trade and other receivables	16 896	16 896	11 328	11 328
Cash and cash equivalents	16 098	16 098	12 631	12 631
Trade and other payables	(19 653)	(19 653)	(12 794)	(12 794)
	<b>13 341</b>	<b>13 341</b>	<b>11 165</b>	<b>11 165</b>
<b>Company</b>				
Trade and other receivables	1 606	1 606	1 116	1 116
Cash and cash equivalents	3 020	3 020	1 119	1 119
Trade and other payables	(7 782)	(7 782)	(871)	(871)
	<b>(3 156)</b>	<b>(3 156)</b>	<b>1 364</b>	<b>1 364</b>

### Estimation of fair values

The carrying amounts of short term financial liabilities approximate the fair values. The fair value of trade and other receivables is reflected after providing for doubtful debts based on the credit risk assessment of individual receivables. The interest rates used to discount estimated cash flows in determining fair values is based on the current prime overdraft rate. Trade and other receivables were stated net of a fair value adjustment of R379 991.

## 30. CHANGE IN DISCLOSURE

### 30.1 Travel re-imbusement

Travel re-imburements amounting to R369 000 was disclosed under other income in the previous year. For the current financial year the comparative was disclosed netted off against travel expenditure incurred and included under other expenses.

### 30.2 Withholding tax

In the previous year the change in rebate provision of R3 356 000 was disclosed as part of the tax paid in the Cash Flow Statement. In the current year it was included in the cash paid to suppliers.

### EXTRACTS FROM DIRECTORS' CURRICULUM VITAE TO BE RE-ELECTED AS PER ORDINARY RESOLUTION NUMBER 2.

#### Andile Sangqu

*Non-executive chairman*

Andile is a group executive director of Kagiso Trust Investments. He serves on a variety of other boards which include among others, Metropolitan Holdings Limited, Pioneer Foods and Kagiso Trust Investments. His expertise and practical exposure span across areas such as general management, finance and administration of companies in diverse industries such as broadcasting, insurance, mining and the meat industry. He holds a B Comm (Accounting), B Compt. Honours, H Diploma Tax Law and a Master of Business Leadership (MBL). He also completed an Advanced Management Programme (AMP) at INSEAD.

#### Jaco Maritz

*Financial director*

Jaco is the Financial Director of the Group and joined SDT in 2005. He has been involved in the information technology sector for more than ten years ranging from consulting to structuring of long-term sales transactions, outsourcing, new business initiations, due diligences and other strategic initiatives. He is a qualified Chartered Accountant and has completed an executive management course at the University of Pretoria.

### EXTRACTS FROM DIRECTORS' CURRICULUM VITAE, THEIR APPOINTMENT TO THE BOARD TO BE CONFIRMED AS PER ORDINARY RESOLUTION NUMBER 3:

#### Jeremy de Villiers

*Independent non-executive director*

Jeremy is the Managing Director of Cape Empowerment Trust Ltd, a listed diversified BEE investment holding group. He has over ten years' experience in investment banking and corporate finance and was the General Manager of Sasfin Capital, the successful investment banking, private equity, corporate advisory and JSE-Sponsors business unit of banking Group Sasfin. He is a qualified Chartered Accountant and also holds an H.Dip (Tax) from the University of Cape Town.

#### Tyrrel Murray

*Non-executive director*

Tyrrel is the General Manager: Group Finance and Investor Relations at Metropolitan Holdings Limited. He has wide-ranging tax planning and compliance experience. Over the past fifteen years he has been involved in a broad spectrum of corporate finance transactions. He has also been responsible for Metropolitan Holdings' corporate and group financial reporting for the past twelve years, in addition to heading up the group's investor and financial media relations programme. He is a qualified Chartered Accountant with an H Dip (Tax) from University of Cape Town.

#### Sandra Duetsch

*Executive director*

Sandra is the founder and Managing Director of Ones & Zeros, which was established in 1997. Sandra has over twenty-five years of experience in information technology, with significant consulting experience in the financial services industry. She holds a National Diploma in Computer Science from Wits Technikon, an advanced certificate in IS Strategic Management from the University of Pretoria as well as an executive development programme from Wits Business School.

#### Sphelele Sangweni (32)

*Alternate Director to Andile Sangqu*

Sphelele is an investment manager for the investment company Kagiso Ventures (Pty) Limited which focuses on the industrial sector. She is also a non-executive director at Bell Equipment Sales South Africa (Pty) Ltd (BESSA) and a member of the SAICA Education Committee. She is a qualified Chartered Accountant.

### EXPLANATION OF RESOLUTIONS TABLED AT ANNUAL GENERAL MEETING 2009 REFERRING TO THE NOTICE OF THE ANNUAL GENERAL MEETING

#### Ordinary Business:

1. The Ordinary business to be considered at the Annual General Meeting of the Company is more fully governed in terms of section 54 of the Articles of Association of the Company. In short, the ordinary business at a general meeting is to receive and consider the annual financial statements, to declare or sanction dividends (where applicable), and to elect directors, auditors, and other officers in the place of those retiring by rotation or otherwise. No special business shall be transacted at an annual general meeting unless due notice thereof has been given. The annual financial statements, which also includes the notice to the AGM has to be distributed to the shareholders 21 days before the AGM for their review.
2. The rotation of directors is more fully governed in terms of articles 83 - 86 of the Articles of Association of the Company. In short, one third of the directors shall retire from office at the AGM. The retiring directors at each AGM shall be those who have been longest in office since their last election or appointment. A retiring director shall act as a director throughout the meeting at which he retires. The retiring directors shall be eligible for re-election. All retiring directors have elected to stand for re-election.
3. The appointment of directors is more fully governed in terms of section 71 - 72 of the Articles of Association of the Company. In summary, the directors of the Company have the power to at any time and from time to time to appoint any person as a director, either to fill a casual vacancy, or as an additional director, but the total number of directors shall not at any time exceed 15. Any person appointed to fill a casual vacancy or as additional director shall retain office only until the next following AGM of the Company and this appointment shall be subject to shareholders approval at such AGM. Directors appointed during the financial year are listed for approval by the shareholders at the AGM.
4. The appointment and remuneration of auditors is more fully governed in terms of section 126 and 127 of the Articles of Association of the Company. The audit committee nominates for appointment as auditor of the Company, a registered auditor who, in the opinion of the audit committee, is independent of the Company. The board approves the appointment based on the authority given to the directors by the shareholders at the AGM.  
  
The auditors will, subject to the provisions of the Act, remain the appointed auditors until the conclusion of the next AGM of the Company. The remuneration of the auditors shall be fixed by agreement with the Company.
5. The remuneration of the directors is more fully governed in terms of section 74 of the Articles of Association of the Company. In short the remuneration of the directors shall be such sum as may from time to time be approved by the Company in a general meeting. Such remuneration shall be divided among the directors in such proportions and manner as a disinterested quorum of directors or a disinterested committee of directors may from time to time deem appropriate. The directors shall be entitled to such remuneration as the Company in general meeting may from

time to time determine, which remuneration shall be divided equally among the directors in such proportion to the period during which he has held office during the year.

6. The shareholders vote that the chairman can continue with the ordinary and special resolutions as contained in the notice of the AGM.

#### Ordinary Resolutions:

7. The authority of directors to allot and/or issue shares is more fully governed in terms of sections 221 and 222 of the Companies Act of 1973.

Section 221 imposes restrictions on the power of directors to issue share capital. The directors require general authority approval from shareholders to allot or issue shares in the Company.

The resolution gives the power to issue share capital to the directors limited to the issue of 15 million shares.

Section 222 of the Companies Act of 1973 imposes restrictions on the issue of shares and debentures to directors. The directors require specific authority approval from shareholders in this instance.

The authority to the directors to issue of shares for cash enables directors to conclude share transactions during acquisitions.

#### Special Resolutions:

8. The repurchase of ordinary shares in the issued share capital of the Company is governed by sections 85 to 89 of the Companies Act of 1973. In short, the Company may by special resolution of the Company, if authorised thereto by its articles, approve the acquisition of shares issued by the Company. The approval by special resolution may be general approval or a specific approval for a particular acquisition.

The Company is limited to repurchase shares if the Company is, or would after the payment be, able to pay its debts as they become due in the ordinary course of business; or the consolidated assets of the Company fairly valued would, after the payment, be less than the consolidated liabilities of the Company.

9. An abridged trust deed is provided as an annexure to the annual report. The purpose and structure of the trust, and the right and obligations of the board of directors and trustees are set out in the document. This resolution requests the shareholders to approve the trust deed including rights and obligations of the board of directors and trustees in the implementation and execution of the proposed share schemes.
10. The resolution requests authority to be given to a director or the Company Secretary to sign such document and execute such actions as will be required to register and give effect of the resolutions passed.

## SILVERBRIDGE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)

(Registration number: 1995/006315/06)

("SilverBridge" or "the Company")

ISIN Code: ZAE 000086229 Share Code: SVB

If you are in any doubt as to what action you should take arising from the following resolutions, please consult your CSDP, stockbroker, banker, attorney, accountant or other professional adviser immediately.

**Notice is hereby given that the Annual General Meeting of shareholders of SilverBridge Holdings Limited will be held in the boardroom at First Floor, Castle View North, 495 Prieska Street, Erasmuskloof, Pretoria, on Friday 3 July 2009 at 10:00, for the purpose of transacting the following business:**

### Ordinary business:

1. To receive, consider and adopt the Annual Financial Statements of the Group and Company for the year ended 28 February 2009, together with the reports of the directors and auditors contained therein;
  2. To re-elect the following directors of the Company:
    - Jaco Maritz; and
    - Andile Sangqu;who retire by rotation at the Annual General Meeting, while being eligible, do offer themselves for re-election. A brief *curriculum vitae* in respect of these directors, as referred to above, appears on page 88 of the annual report.
  3. To confirm the appointment of the following directors of the Company:
    - Sandra Duetsch
    - Jeremy de Villiers;
    - Tyrrel Murray; and
    - Sphelele Sangweni (alternate to Andile Sangqu)who were appointed to the board during the financial year. A brief *curriculum vitae* in respect of these directors, as referred to above, appears on page 88.
  4. To authorise the directors to re-appoint KPMG Incorporated, as the independent auditors and Shaun van den Boogard as the individual designated auditor of the Company for the ensuing year and to determine the remuneration of the auditors;
  5. To approve the fees paid to directors, as disclosed in the annual financial statements;
  6. To transact such other business as may be transacted at an Annual General Meeting.
- As Special business, to consider and, if deemed fit, pass with or without modification, the following resolutions; those numbered 7, and 8, 9, 10 as Ordinary Resolutions, and number 11 as Special Resolution:

### Ordinary resolutions:

7. **"Resolved** that the authorised but unissued shares in the capital of the Company, to a limit of 15 000 000 shares be and are hereby placed under the control of the directors of the Company, and that they are hereby authorised, subject to sections 221 and 222 of the Companies Act of 1973, as amended, to allot and/or issue 15 000 000 shares to such person or persons on such terms and conditions as they may determine, such authority to expire at the next Annual General Meeting of the Company."
8. **"Resolved** that, subject to not less than 75% of shareholders, present in person or by proxy and entitled to vote at the Annual General Meeting at which this ordinary resolution is considered, voting in favour thereof, the directors of the Company be and are hereby authorised, by way of general authority, to issue 15 000 000 authorised but unissued shares in the capital of the Company and equity securities [as defined by the JSE Limited ("JSE") Listings Requirements], for cash as they in their discretion deem fit, subject to the following limitations:
  - the securities must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
  - the securities must be issued to the public shareholders as defined in the JSE Limited Listings Requirements and not related parties, unless the JSE otherwise agrees thereto;
  - the general issue of shares for cash in the aggregate in any one financial year may not exceed 50% of the Company's issued share capital of that class;
  - the maximum discount at which securities may be issued is 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the applicant;
  - after the Company has issued securities representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to that issue, the Company shall publish an announcement containing full details of the issue, including the effect of the issue on net asset value and earnings per share; and
  - this authority shall not extend beyond 15 months from the date of this resolution, or the date of the next Annual General Meeting, whichever is the earlier date.
9. It was resolved that the adoption by the company of the SilverBridge Share Incentive Scheme, the principal terms of which are contained in Annexure A to this notice of Annual General Meeting and a full set of which is tabled at the Annual General Meeting and signed by the Chairman of the meeting for identification purposes be and is hereby approved for immediate implementation by the Company.

The SilverBridge Share Incentive Scheme is available for inspection at the registered offices of the Company from the date of the Notice of the Annual General Meeting.

(Note that approval of this resolution is subject to the casting of a 75%-majority of votes in favour thereof by all Equity Security holders present in person or represented by proxy at the General Meeting and entitled to vote.)
10. **"Resolved that** any one director of the Company or the company secretary be and hereby is authorised to do all such things and to sign all documents issued by the Company to give effect to ordinary resolution number 7, 8 and 9 as well as Special Resolution number 11."

## NOTICE OF THE ANNUAL GENERAL MEETING

### Special Resolution number 1

11. **Resolved that** the directors of the Company be and are hereby authorised by way of general authority, to repurchase ordinary shares in the issued share capital of the Company from time to time, subject to the Articles of Association of the Company, the provisions of sections 85 to 89 of the Companies Act (1973) as amended and in terms of the JSE Listing Requirements, when applicable, and that

- the repurchase of securities being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangements between the company and the counter party.
- any such repurchase shall be implemented on the open market of the JSE;
- the Company is authorised thereto by way of its Articles of Association;
- any such repurchase may not be made at a price higher than 10% above the weighted average market value for the shares for the five business days preceding the date on which the repurchase was agreed;
- the general authority is limited to a maximum of 20% of the Company's issued share capital of that class at the time the authority is granted;
- a press announcement giving full details of such acquisitions, including the impact on net asset value and earnings per share, will be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue at the time of the granting of the general authority;
- the general authority shall only be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution number 1;
- the Company may only undertake a repurchase of securities if, after such repurchase, it still complies with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread;
- the Company may not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- the Company may only appoint one agent to effect any repurchase(s) on its behalf.

### Reason for and effect of Special Resolution number 1:

The reason for and effect for Special Resolution number 1 is to authorise the Company by way of a general authority to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the Company subject to the limitations set out above.

### Pursuant to and in terms of the JSE Listings Requirements, the directors of the Company hereby state:

- The directors of the Company have no specific intention to effect the provisions of Special Resolution number 1 but will, however, continually review this position having regard to prevailing circumstances.
- The intention of the Company and/or its subsidiaries is to utilise the general authority to repurchase; if at some future date the cash resources of the Company are in excess of its requirements.
- The method by which the Company and any of its subsidiary intends to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.

### Other disclosure in terms of the JSE Listings Requirements:

The JSE Listings Requirements require the following disclosure, some of which appear elsewhere in the annual report of which this notice forms part:

Directors and management – page 7

Major shareholders of SilverBridge – page 34

Directors interest in securities – page 34

Share capital of the Company – page 33

### Litigation statement:

The directors, whose names are given on page 7 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the Company's financial position.

### Directors' responsibility statement:

The directors, whose names are given on page 7 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this resolution and certify to the best of their knowledge and belief; that there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolutions contain all information required by law and the JSE Listings Requirements.

### Material change:

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of SilverBridge and its subsidiaries that have occurred subsequent to the 28 February 2009 year end and the date of this notice.

After considering the effect of the maximum permitted repurchase of securities and the general payment to shareholders, the directors of the Company will ensure that;

- the Company and the Group will be in a position to repay its debt in the ordinary course of business for the next 12 months after the date of the general repurchase for this purpose the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited group financial statements;
- the assets of the Company and the Group will be in excess of the liabilities for the next 12 months after the date of the general repurchase;

## NOTICE OF THE ANNUAL GENERAL MEETING

- the ordinary capital and reserves of the Company and the Group will be adequate for the twelve months following the date of the general repurchase;
- available working capital will be adequate to continue the operations of the Company and the Group for the 12 months following the date of the general repurchase;
  - the Company and the Group may not enter the market to proceed with the repurchase until the Company's Designated Advisor, Sasfin Capital, a division of Sasfin Bank Limited, has confirmed the adequacy of the Company's working capital for the purposes of undertaking a repurchase of shares in writing to the JSE as required in terms of schedule 25 of the JSE Listings Requirements.

### Voting and proxies:

All shareholders are entitled to attend and vote at the Annual General Meeting or any adjournment thereof. On a show of hands, every shareholder of the Company who, being an individual, is present or is present by proxy at the general meeting or which, being a Company or body corporate, is represented thereat by a representative appointed pursuant to section 188 of the Act, shall have one vote only and on a poll every shareholder of the company (whether an individual or a company or a body corporate) or represented by a proxy at the Annual General Meeting shall have one vote for every share held by such shareholder.

The necessary form of proxy is attached for the convenience of certificated shareholders and dematerialised shareholders with "own name" registration who cannot attend the Annual General Meeting, but who wish to be represented thereat. Any shareholder entitled to attend and vote at the Annual General Meeting may appoint one or more persons to attend, speak and vote in place of such shareholder. A proxy so appointed need not be a shareholder of the Company.

In order to be valid, duly completed proxy forms must be received by the Company's transfer secretaries, Computershare Investor Services (Pty) Ltd, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107), by no later than Wednesday, 1 July 2009 at 10:00.

Dematerialised shareholders, other than own name dematerialised shareholders who wish to attend the Annual General Meeting must request their Central Securities Depository Participant (CSDP) or broker to provide them with a Letter of Representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and the CSDP.

By order of the board



**M. van den Berg**  
Company Secretary

24 April 2009

# PROXY FORM

## SILVERBRIDGE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
(Registration number: 1995/006315/06)  
("SilverBridge" or "the Company")  
ISIN Code: ZAE 000086229 Share Code: SVB

For use at the Annual General Meeting of members to be held in the boardroom, First floor, Castle View North, 495 Prieska Street, Erasmuskloof, Pretoria, on Friday, 3 July 2009 at 10:00 (the "Annual General Meeting").

I/We (please print names in full)

of (address)

being a member/s of SilverBridge Holdings Limited, holding \_\_\_\_\_ shares in the Company, hereby appoint:

1. \_\_\_\_\_ or, failing him/her;

2. \_\_\_\_\_ or, failing him/her;

3. \_\_\_\_\_ or, failing him/her;

4. the Chairman of the Annual General Meeting

as my proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held in the boardroom, First floor, Castle View North, 495 Prieska Street, Erasmuskloof, Pretoria on 3 July 2009 at 10:00 and at any adjournment thereof and to speak and act for me/us and, on a poll, vote on my/our behalf.

My/Our proxy shall vote as follows:

	Number of shares		
	In favour of	Against	Abstain
1. To receive, consider and adopt the Annual Financial Statements for the year ended 28 February 2009			
2. To re-elect the following directors:			
2.1 Jaco Maritz			
2.2 Andile Sangqu			
3. To confirm the appointment of the following directors of the Company:			
3.1 Sandra Duetsch			
3.2 Jeremy de Villiers			
3.3 Tyrrel Murray			
3.4 Sphelele Sangweni (alternate to Andile Sangqu)			
4. Authorise the directors to re-appoint KPMG Incorporated as auditors and Shaun van den Boogard as the individual designated auditor.			
5. To approve the directors fees			
6. To continue to transact such other Business as may be transacted at an AGM			
7. To place unissued shares with a limitation of 15 000 000 under control of the directors			
8. Authorise directors by way of general authority to issue shares for cash			
9. Approval of share incentive scheme			
10. Authorise any one director or the Company Secretary to sign all documents to give effect to the resolutions			
11. General authority to repurchase shares			

(Indicate instruction to proxy by way of a cross in space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Signature, \_\_\_\_\_

**Please read the notes on the reverse side hereof.**

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the Chairman of the Annual General Meeting", but any such deletion must be initialled by the member. The person whose name appears first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the Company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he/she deems fit in respect of the entire member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy.
3. Forms of proxy must be received by the Company's Transfer Secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown, 2107) by not later than 1 July 2009 at 10:00.
4. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's Transfer Secretaries or waived by the Chairman of the Annual General Meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries of the Company.
8. The Chairman of the Annual General Meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the Chairman is satisfied as to the manner in which the member wishes to vote.

# INVESTOR FACT SHEET

for the year ended 28 February 2009

## Developing financial services software for Africa

SilverBridge develops and implements its own software for the life-assurance industry in South Africa and the rest of Africa. It earns its income from implementing, supporting and more importantly, renting the use of its software to its clients.

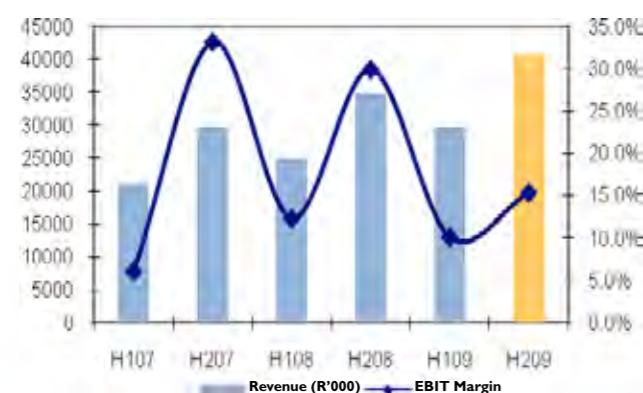
The Group's founding business, SDT, was established in 1995. The Group was listed in 2006.

The growth strategy is based on the continued sale of its existing products, generating consulting and implementation income within South Africa and the rest of Africa - and in particular - building the annuity software rental component. The Group is also expanding its offering into other financial services areas.

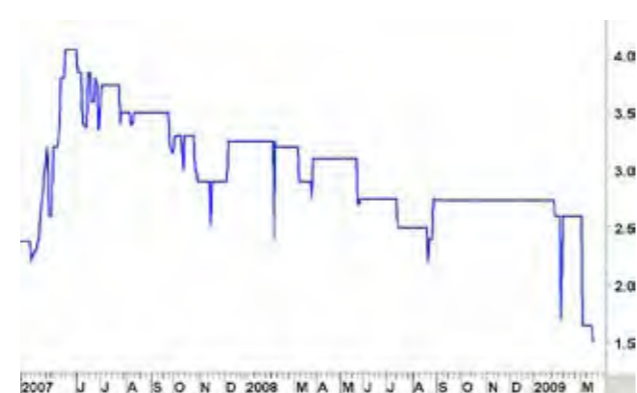
## Group Financial Performance

(to February - ZAR '000)	2007	2008	2009
Revenue	51,079	59,865	70,568
growth (y-o-y)		17%	18%
EBIT	11,140	13,468	9,268
EBIT margin	22%	22%	13%
PAT	8,196	9,807	7,396
growth (y-o-y)		20%	-25%
HEPS (cents)	30.55	30.26	18.78
growth (y-o-y)		-1%	-38%
Cash flow from operations	3,487	2,576	9,019
Cash balance	16,398	12,631	16,098
Debt/(Debt+Equity)	0%	0%	0%
% Annuity Revenue	41%	43%	47%
ROE	30%	30%	16%
Employees	70	85	115
<b>As a percentage of sales</b>			
Segment profit	75%	75%	58%
Research & Development	-10%	-14%	-13%
Unallocated costs	-43%	-38%	-31%

## Revenue and EBIT margin by half-years



## Share price performance



## Market stats

- JSE Code: **SVB**
- Shares in issue: **33.6 million**
- Share price: **165 cents\***
- Market cap: **R55.4m**
- P/E: **8.8 times**

\* as at 4 May 2009

## Latest result comment

- Revenue up on Ones & Zeros acquisition, which added R17.5 mln.
- SDT revenue down 11%. Several projects postponed into new financial year.
- Margin impacted by postponement of these projects.
- Annuity revenues grew by 29%.
- Good cash flows.

## Major shareholders

- 19% – Kagiso Trust
- 14% – Amabubesi Investments
- 4% – Management and employees
- 47% – Founding members
- 16% – Public

## Implementation

The implementation of financial services software. Project based. People intensive.

(to Feb - ZAR '000)	2007	2008	2009
Revenue	30,100	34,242	19,977
growth (y-o-y)	38%	14%	-42%
Segment profit	21,659	22,318	9,847
Profit margin	72%	65%	49%

- Delayed decisions from clients – certain projects postponed to new financial year.
- Delivery capability and expertise maintained.
- Revenue decline led to margin reduction.
- Deals closed in March and April and we are pleased with FY2010 performance so far.

## Support

The ongoing support of installed financial services software across the client base.

(to Feb - ZAR '000)	2007	2008	2009
Revenue	9,358	9,966	11,003
growth (y-o-y)	55%	6%	10%
Segment profit	3,629	5,430	3,775
Profit margin	39%	54%	34%

- Support revenue grew with client base growth.
- Additional capacity allocated from implementation team.
- FY2008 margin abnormally high.
- Support is vital in maintaining client satisfaction.

## Customers across Africa

- Several well known Life insurance companies (such as Old Mutual, Sanlam, Metropolitan, Hollard, Regent).
- One large banking customer (Mercantile Bank).
- 26 SilverBridge software installations and three consulting engagements in eleven countries.

## Recent Acquisition of Ones and Zeros

- 51% of Ones and Zeros, a niche strategic IT consultancy to the banking sector.
- Consolidated for eight months in F2009 results.
- R12.3m purchase price – staggered payment.

## SilverBridge Holdings Limited

Headquarters: 1st floor, Castle View North, 495 Prieska Str, Erasmuskloof, Pretoria, 0048

Auditors: KPMG Incorporated

Key Executive Directors



Jaco Swanepoel  
(CEO)



Jaco Maritz  
(CFO)

## Software Rental

The rental of software to clients. Annuity income model on a per policy basis. All revenue is considered profit.

(to Feb - ZAR '000)	2007	2008	2009
Revenue	11,621	15,657	22,066
growth (y-o-y)	18%	35%	41%
Segment profit	11,621	15,657	22,066
Profit margin	100%	100%	100%
R&D (capitalised & expensed)	(5 669)	(8 993)	(10 845)

- Software rental income is considered profit and forms the core of the group.
- Strong growth from additional clients and an increase in usage.
- Part of rental is reinvested in R&D, reducing the margins.

## Consulting

Strategic IT consulting mainly to the banking sector. High level engagement.

(to Feb - ZAR '000)	2007	2008	2009
Revenue			17,522
growth (y-o-y)			
Segment profit			5,005
Profit margin			29%

- New consulting line of business from acquisition of Ones & Zeros.
- Performed in line with our expectations.
- Consolidated for eight months. SilverBridge owns 51% of ONZ.
- Plan is to expand into life insurance sector.



## BEE

- 19% Kagiso Trust, 14% Amabubesi
- Chairman is Andile Sangqu from Kagiso
- Level 5 contributor
- Group is committed to BEE and transformation

## Investor contacts

**Sumari Lottering**  
Marketing Coordinator  
sumari.lottering@silverbridge.co.za  
+27 (0)82 925 2198  
+27 (0)12 360 0200

**Jaco Maritz**  
Financial Director  
jaco.maritz@silverbridge.co.za  
+27 (0)12 360 0200

[www.silverbridge.co.za](http://www.silverbridge.co.za)

# CORPORATE INFORMATION

## Registered offices

First Floor, Castle View North  
495 Prieska Street  
Erasmusloof, Pretoria, 0048  
(PO Box 11799, Erasmusloof, 0048)

## Company Secretary

Fusion Corporate Secretarial Services (Pty) Ltd  
represented by  
Melinda van den Berg  
Office B1, Podium House II  
Cnr Lois and Atterbury Roads,  
Pretoria, Gauteng  
(PO Box 68528, Highveld, 0169)

## Transfer Secretaries

Computershare Investor Services (Pty) Ltd  
(Registration number: 2004/003647/07)  
70 Marshall Street  
Johannesburg, 2001  
(Call centre: 0861 100 634)  
(PO Box 61051, Marshalltown, 2107)

## Designated adviser

Sasfin Capital  
(a division of Sasfin Bank Limited)  
(Registration number: 1951/002280/06)  
Sasfin Place, North Block  
13-15 Scott Street  
Waverley, 2090  
(PO Box 95104, Grant Park, 2051)

## SDT Financial Software Solutions (Pty) Ltd

(Registration number 1995/005860/07)  
Date of incorporation: 26 June 1995  
Place of incorporation: Pretoria, South Africa

## Ones `n Zeros Professional Services (SA) (Pty) Ltd

(Registration number 2001/023270/07)  
Date of incorporation: 28 September 2001  
Place of incorporation: Pretoria, South Africa

## Directors of SilverBridge Holdings Limited

Andile Sangqu	Non-executive director
Jaco Swanepoel	Chief Executive Officer
Jeremy de Villiers	Independent non-executive director
Freda du Toit	Non-executive director
Nthabiseng Mokone	Non-executive director
Tyrrel Murray	Non-executive director
David Smollan	Non-executive director
Sandra Duetsch	Executive director
Jaco Maritz	Financial Director
Rowan Williams	Alternate director
Sphelele Sangweni	Alternate director

## Auditors

KPMG Incorporated  
(Registration number: 4530188665)  
KPMG Forum,  
1226 Schoeman Street  
Hatfield, 0083  
(PO Box 11265, Hatfield, 0028)

## Legal advisers

Gildenhuys Lessing Malatji Inc.  
(Registration number: 1997/002114/21)  
GLMI House  
Harlequins Office Park  
164 Totius Street  
Groenkloof 0027  
(PO Box 619, Pretoria, 0001)

## Authorised dealer and commercial banker

ABSA Bank Limited  
(Registration number: 1986/004794/06)  
ABSA Towers East  
170 Main Street  
Johannesburg, 2001  
(PO Box 7735, Johannesburg, 2000)

## Corporate advisers

i capital Advisors (Pty) Ltd  
(Registration number: 1998/018719/07)  
Ground Floor  
18 Hurlingham Road  
Illovo, Johannesburg, 2196  
(PO Box 651688, Benmore, 2010)

## SilverBridge Holdings Limited

(Registration number 1995/006315/06)  
Date of incorporation: 5 July 1995  
Place of incorporation: Pretoria, South Africa