“For us it is always about people - we are committed to unlocking value through providing reliable solutions to our financial services provider clients and by helping them make financial services easy for the man crossing the bridge”
ABOUT THIS REPORT

“Integrated reporting: it is our opportunity to present an honest self-evaluation – what worked, what did not”

The content and structure of this report, though something of a departure from last year’s, conforms to recommendations and the “apply or explain” principle laid out in the King III report. It is our opportunity to present an honest self-evaluation – what worked, what didn’t. For SilverBridge it has been a year of self-evaluation and operational integration. This move to a more integrated style of reporting is, we feel, appropriate and has been in itself a valuable exercise.

Transparency and open communication are principles that we at SilverBridge value. The creative energy, attention to detail and dynamic teamwork involved in the presentation of this integrated report is testament to this. It is about excellence and a commitment to healthy and real business relationships, which is why in our reporting we have striven not only to comply with the reporting and governance requirements of the King III report, but wherever possible to try and exceed them.

King III report on Governance

King III has been written into the JSE listing requirements making integrated reporting a regulated requirement. South African listed companies have the opportunity to lead the change towards accountability, transparency and inclusiveness.

All references in this integrated report to ‘SilverBridge’, ‘the Group’, ‘the Company’, ‘our’ and ‘we’ refer to SilverBridge Software Solutions (Proprietary) Limited and SilverBridge Holdings Limited jointly as a unified brand.

This report complies with the Companies Act and Listings Requirements of the JSE Limited. Our aim for this report is to provide a detailed overview of our business in a clear, simple and transparent way.

SilverBridge, it is a journey.
Walk with us…
BUSINESS OVERVIEW

“Making connections – bridging the gap between our clients and the man in the street.”

SilverBridge is proudly South African and a leading provider of administrative software and information technology (IT) consulting in Africa’s financial services industry. We are committed to unlocking value in emerging markets for financial services providers as well as their customers, the men and women buying life cover to protect their wealth and families.

SilverBridge offers clients in the financial services industry reliable solutions that aim to simplify their operations by enabling and improving their business processes. We achieve this by implementing our fully functional system platforms and customising to meet client needs. The valuable experience we have gained through our existing African footprint, either directly or through strategic partnerships, positions us well to exploit opportunities as we continue to make life insurance easy.

We are the link (or as we like to say, the bridge) between the man and woman in the street and our clients in the financial services and life assurance industry — ensuring the easy and effective access and use of financial products.

The challenging environment presented by constant developments in technology is influencing the behaviour of a new generation of consumer. This consumer has a different understanding of financial services and a different demand on the ways in which interaction with financial services providers is preferred. An adaptable and up-to-date approach to financial services is needed. At SilverBridge, we are committed to embodying that approach, being the solution — providing the creative thinking and cutting-edge products our clients require.

To ensure that we offer as integrated and efficient a service as possible, the Group recently completed an extensive review of its internal processes and collective intellectual property. The exciting result has been an effective combination of competencies and strengths, with the integration of our operating subsidiaries into SilverBridge Software Solutions (Proprietary) Limited. Our existing products and services are now combined under the SilverBridge brand. By reducing overhead structures and simplifying the way we do business, the consolidation has had significant cost benefits and will, we believe, benefit our clients as we offer a single platform with a dynamic range of services.

One brand, multiple solutions...

Our flagship platform, Exergy, enables core back-office policy administration in the life assurance industry. As a broad solution package the Exergy portfolio has specific applications that can be customised to suit the individual needs of the long-term user.

The loans administration intellectual property acquired from Acczone Systems (Proprietary) Limited (Acczone) is being refreshed. We are utilising the Exergy framework to provide interest bearing credit and debt administration capabilities.

Valuable expertise and consulting competencies have been gained by the acquisition of Ones ’n Zeros Professional Services (Proprietary) Limited (Ones & Zeros). SilverBridge’s offering was enhanced with regards to our big systems implementation approach.

SilverBridge has superior capability to help our clients translate strategic business objectives into IT requirements as well as helping them manage and realise the benefit of their IT enabled operational environment.

SilverBridge has a unique ability to help financial services companies grow their business quickly and efficiently through new ventures or product expansion into new or existing markets. All financial products and sales channels are supported on one platform and this ensures the co-existence with other systems in banking, life assurance, employee benefits, short-term insurance and lending. This positions SilverBridge as a partner of choice in the financial services industry.

A holistic approach...

Our development as a company has been a journey, one that began in 1996 with the first active implementation of our software solutions company, SDT. Since then, SilverBridge has gone from strength to strength and has been instrumental in assisting two major South African assurance companies, Old Mutual and Metropolitan International, with their expansion into Africa. But no journey is without its challenges. Over the years we have faced and overcome significant obstacles, especially in the way we contract and execute projects. Lessons learnt from the past year and the stimulating demands of today’s economic climate are reflected positively in the adaptable and improved design of our operational model. It is this ability to adapt, this mindful, holistic approach to the demands and challenges of business, which has over the years contributed to our success.

As a proudly South African concern, SilverBridge is committed to active and real empowerment; creating opportunity for the previously disadvantaged and ensuring within our own ranks that skills are imparted and talent developed. Kagiso Tiso (previously Kagiso Trust Investments), a well-respected BEE investment company, holds a 33% share in the Group and Amabubesi Capital, a leading black empowerment company, maintains a 13% shareholding.

Today, as an integrated and dynamic group, SilverBridge has the largest number of packaged life assurance system implementations across the African continent. Our clients in the life assurance industry include amongst others: ABSA Life, Metropolitan International, Regent, African Bank and Sanlam.

Group structure...
SilverBridge’s outlook…

We are a learning organisation that drives continuous improvement within ourselves, our systems and approaches for the benefit of clients and their customers. We have faced and overcome significant challenges in the way we contract and execute on projects. We have redesigned our operating model to better retain, transfer and leverage our knowledge.

The changing environment within our target market is creating new opportunities as financial services institutions search for ways to reduce costs and improve services to their customers – these efforts far exceed mere system implementations. We see financial services providers increasing their focus on improving relationships with their clients, driving internal efficiencies and product differentiation as means to capture and retain market share sustainably. SilverBridge’s offerings are well positioned to meet these needs.

The journey continues…

What we do

At SilverBridge, we produce reliable, end-to-end administrative software solutions, catered to the needs of the financial services industry. The application of our core products and the customisation thereof gives our clients the accessible, efficient and cost-effective administrative solutions they need to service the man in the street.

“A consultative sales approach to develop new business, as well as servicing existing clients with product enhancements, are key value drivers”

Consulting
Implementation
Support
Product Development

Exergy
Life Insurance Administration

The Exergy framework is an integrated and flexible platform, servicing a wide range of financial products from a contract and process level, driven by events based on product rules. Seamless, efficient and accessible — Exergy streamlines administrative processes in the financial services and life insurance industries.

Acczone
Loans Administration

Acczone provides accurate, real-time credit and debt portfolio management information, in environments where interest or periodic charges play a key role.
Where we do it

SilverBridge is committed to unlocking value in new and emerging markets. The experience we have gained through building SilverBridge’s African footprint positions us well to exploit opportunities, either directly or through strategic partnerships, to the benefit of all our stakeholders.

We estimate the total market size of annual policy administration systems spend as more than R2 billion in Africa alone. We expect this market to grow by 5% on average. Traditionally dominated by inhouse development systems, there has been a shift in the industry towards cost-effectiveness and maximised value.

Our strategic initiatives

<table>
<thead>
<tr>
<th>INITIATIVE</th>
<th>2011 STEPS</th>
<th>2015 GOALS</th>
<th>OUR PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase efficiency</td>
<td>• Transform operational processes</td>
<td>• Maintain EBIT margin</td>
<td>🌟🌟🌟</td>
</tr>
<tr>
<td></td>
<td>• Improve pricing models to match market demand</td>
<td>• Certified processes</td>
<td></td>
</tr>
<tr>
<td>Product relevance</td>
<td>• Continuous investment in roadmap built from strategic client requirements</td>
<td>• Functional commercial platform</td>
<td>🌟🌟🌟</td>
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<tr>
<td></td>
<td></td>
<td>• Certified processes</td>
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<tr>
<td>Improve implementation methodology</td>
<td>• Redesign implementation methodology</td>
<td>• Certified processes</td>
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</tr>
<tr>
<td></td>
<td>• Instil knowledge management best practices</td>
<td>• Empowered implementation partners</td>
<td></td>
</tr>
<tr>
<td>Improve customer service</td>
<td>• Improve support methodology</td>
<td>• Certified processes</td>
<td>🌟🌟🌟</td>
</tr>
<tr>
<td>Accelerate performance</td>
<td>• Revenue initiatives for IP generated but not used in core business</td>
<td>• Functional open innovation and innovation on edge methodologies</td>
<td>☹☹☹</td>
</tr>
<tr>
<td></td>
<td>• Increase annuity income</td>
<td>• Expand offering</td>
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</tbody>
</table>

Due to the complexities involved in effectively translating business objectives into IT system processes, the capex required, as well as the inconvenience to users of migrating from one system to another, barriers of entry and exit within the industry are high.

Competitive packaged policy administration system providers are few and operationally inexperienced while majority of insurers have rigid legacy systems in the market.

Factors that will influence our future

As an IT solutions company servicing the financial services industry, our future success depends on how effectively we engage with current trends and the extent to which we apply and capitalise upon the lessons we have learnt through market experience.

Today, financial services providers require ways of obtaining long-term value from a single client. Offering clients a range of financial products and services is key, which is only possible with the sort of administration platforms, processes and products that can manage them in an integrated manner. Our consulting services and proprietary IT solutions have risen to the challenge - providing the link between technology, people and business processes.

Economic trends are a major factor determining the manner in which we do business. The challenging climate of today’s economy, in South Africa and internationally, has encouraged us to streamline processes, as well as our operational model. Financial services providers are themselves under pressure, furthering their appreciation of affordable and efficient system solutions.

We are also particularly aware of the unique challenges posed by offering financial services solutions to previously un-serviced markets in Africa. Our in-depth understanding of the requirements of the financial services and life-assurance industries and our ability to deliver on these is a distinct competitive advantage.

“Evaluate, adapt and continue to grow...”
Bridging the gap between service and technology

“Bridging the gap between service and technology – it is what sets us apart.”

Constant developments in technology are influencing the behaviour of a new generation of consumer, necessitating an equally adaptable, integrated approach to financial services.

As IT specialists, we are particularly sensitive to emerging trends in technology – engaging with them and applying creative thought to potential applications.

Individual mobility
Smartphones and tablet PCs are creating an expanded end-user environment - resulting in higher levels of expectation with regard to end-user experience. Applications like mobile wallets and other mobile channel advancements, will affect future market demands. We ask: what opportunities and challenges does this new generation of “everywhere computing” present to financial services firms?

Social demand
Social media enables instant feedback, enabling a whole new environment in which social applications and business practice conjoin. How financial services firms attract and engage with customers could be radically different. We ask: what are the advantages and disadvantages of business participation in social network structures?

The cloud
Cloud computing is changing the way the software sector designs data-centres and applications, as well as the manner in which users access and use applications. At its heart, cloud computing is about service, as and when needed, paying only for what you use, nothing more. We ask: what competitive advantages can we leverage out of the cloud that would be relevant for different financial services firms servicing different markets?

Context
The need for systems to handle the complexity of a socially enabled, cloud connected, mobile world is just beginning. User interfaces will need to become increasingly intelligent, in order to maintain functionality across a wide range of devices and applications. Moreover, consumers demand interaction based on what is relevant to them and not a generic offering void of context. We ask: how do we empower financial services providers to operate within context, so they and their clients may realise greater value?

Socio-Economic Trends

Economic growth
Economic conditions impact the general spending power of consumers with regard to life insurance products.
- We have noted significant pricing and niche market innovations within the industry, like micro-insurance initiatives servicing low-income earners.
- With Africa’s annual economic growth rate averaging 5%, a phenomenon sure to influence financial services and ICT penetration, we believe that the relatively low insurance penetration within Sub-Saharan Africa (excluding South Africa) will grow significantly in the years to come.

Unemployment
Unemployment impacts negatively on people’s ability to acquire life insurance products.
- Despite its high unemployment rate and disproportionate spread of income, South Africa has one of the highest insurance penetration rates in the world.
- In Sub-Saharan Africa (excluding South Africa), unemployment rates, though relatively high, are stable - the workforce being largely self-sufficient by operating within an informal economic environment can still be targeted for consumption of financial services products.

Work force growth
The growing workforce in Africa will directly and positively impact the potential size of its insurance market.

“As a partner in technology and process management, we ensure our clients stay abreast of market trends and technological developments.”
How we measure financial services market penetration

Estimating the demand for financial services is difficult but can be easily interpreted on a high level by using a proxy for the market penetration of financial services. The proxy we use is the ratio of broad money over GDP (Broad Money as % of GDP). It represents the relative degree to which financial services has penetrated an economy.

The limit of this measure is that it can show large degrees of penetration when an economy is underdeveloped but has multinationals within the borders trading with large balance sheets that represent money not captured in GDP such as is the case with Liberian oil and extensive funds due to offshore banking as with Mauritius.

How we use the information

We use this to gain an understanding of the growth potential of the market and the constraints faced by financial services providers. The measure broadly indicates what access people and companies have to credit which, respectively, directly and indirectly, impacts insurability.

How we measure information and communication technology market penetration

The ICT development Index (IDI) is developed by ITU, the United Nations specialised agency for information and communication technologies. The level is calculated by dividing the range of the index and hence development along the index into 4 distinct groups; high, upper, medium and low. The ranges for each level in 2007 were:

- High  5.29 - 7.5 15% of World Population
- Upper  3.41 - 5.25 27% of World Population
- Medium  2.05 - 3.34 37% of World Population
- Low  0.82 - 2.03 36% of World Population

How we use the information

Infrastructure supporting technology as an enabler in the context of financial services providers refers largely to the penetration of ICT in the market. It is important for us to track this index to better understand the market growth potential and constraints faced by financial services providers.

Mobile broadband subscriptions are growing at a similar pace and are expected to amount to more than 3.4 billion by 2015 (up from 360 million in 2009). In June 2010 mobile subscriptions reached 5 billion worldwide. In Sub-Saharan Africa, 80% of all people accessing the internet do so using their mobile device, even if only as data usage via applications.
Business drivers for technology trends in financial services

The priorities in IT spending are driven by the priorities of the business; financial services firms will be balancing operational concerns with long-term strategic goals which will include the need to keep up with technology trends, such as the market demand for mobility and engagement through social channels. The operational concerns that will drive IT spend priorities are for financial services firms to differentiate on a service and product level and they require IT spend to be able to do this in an efficient, effective and profitable way; the challenge is to comply whilst driving these changes to maintain market share. Companies that do not comply with the regulations and reporting standards, such as maintaining a minimum level of transparency to regulators and the market, will suffer both compliance costs and a loss of market share.

SilverBridge enables clients in the financial services industry to realise their strategic objectives and operational goals in an efficient and cost-effective manner.

Competitive environment

EXERGY

Top 5 competing systems

20 clients

21 clients

"Marrying product complexity with ease of use. Integrating processes to maximise efficiency. Offering our clients more for less."
## Stakeholders (continued)

<table>
<thead>
<tr>
<th>STAKEHOLDERS</th>
<th>REQUIREMENTS</th>
<th>ENGAGEMENT</th>
<th>CHALLENGES</th>
<th>STATUS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>• Our suppliers are often also our partners and expect us to engage successfully with them on joint projects and initiatives.</td>
<td>• Joint engagements</td>
<td>• Delivery on time and in line with our budgets</td>
<td>★★★</td>
</tr>
<tr>
<td></td>
<td>• Payment, on time every time.</td>
<td>• Supplier meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Monthly payment process</td>
<td>•</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community</td>
<td>• Direct investment through social investment initiatives</td>
<td>• Direct engagement through specific social initiatives and projects</td>
<td>• Limited funds</td>
<td>★★★</td>
</tr>
<tr>
<td></td>
<td>• Indirect investment through the availing of cost effective services</td>
<td>• Internships and leaderships</td>
<td>• Attract and retain Broad based BEE candidates</td>
<td>★★★</td>
</tr>
<tr>
<td>Government and regulators</td>
<td>• Compliance with regulations and acts</td>
<td>• Individual engagements with regulators and the government</td>
<td>• Increased complexity and higher cost of regulations, acts and general compliance</td>
<td>★★★</td>
</tr>
<tr>
<td></td>
<td>• Paying taxes</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>• Being a credible player in our industry, country and in Africa</td>
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</tbody>
</table>

### Our leadership team

- **Jaco Swanepoel (CEO)**: Jaco Swanepoel is the CEO of the Group and co-founder of SilverBridge Software Solutions in 2005. He has been involved in the Information Technology sector for more than ten years, with experience ranging from consulting to the 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.

- **Jaco Maritz (Financial Director)**: Jaco Maritz is the financial director of the Group and joined SilverBridge Software Solutions in 2005. He has been involved in the Information Technology sector for more than ten years, with experience ranging from consulting to the 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.

- **Lee Kuyper (Commercial executive)**: Lee Kuyper joined SilverBridge in 2007 and is responsible for commercial development in the business. His duties as the Commercial Executive include overseeing new business and existing account development functions, as well as commercial partnerships and relationships. He worked as an audit manager at PwC and during this time was seconded for a year to the Gautrain Management Agency as acting CFO. He qualified as a Chartered Accountant after completing his studies at the University of Pretoria and his articles at PwC.

- **Wilhelm du Toit (Product development executive)**: Wilhelm du Toit has held a number of positions relating to the development of software within various industries. His previous experience includes systems engineering within the IT industry, fulfilling business analyst and functional lead roles, project implementation and development management. He is well versed in Agile development methodologies and has, over the years, built up practical experience across various platforms. He holds a mechanical engineering degree from University of Stellenbosch and a MEng (Engineering management) from the University of Pretoria.

### Our checks & balances

- **Governance**: Credibility is the cornerstone of our business. We value good governance and quality reporting.
  - **Key developments**: King III compliance review and integrated reporting

- **Remuneration**: We believe that real incentive motivates people - increasing productivity, to the benefit of all stakeholders.
  - **Key developments**: New performance management and incentive scheme

- **Risk**: Managing risk effectively is critical to a business focused on dynamic and sustainable growth.
  - **Key developments**: Risk management model

- **Ethics**: At SilverBridge, we value open communication, the sharing of knowledge and the empowerment of individuals.
  - **Key developments**: SilverBridge transformation

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Our governance team

“Over the years, SilverBridge has built up a reputation for delivering on its promises, and unlocking value…”

Andile Sangqu

Andile Sangqu (Chairman)

Andile Sangqu is currently an executive director of Xtrata South Africa and a former Group Executive Director of Kagiso Tiso (previously Kagiso Trust Investments). He has served on a number of other boards including Metropolitan Holdings Limited and Kagiso Tiso. His expertise and practical exposure span areas of general management, finance and the administration of companies in diverse industries, such as broadcasting, insurance, mining and the meat industry. The board views Andile as an independent chairman. Andile holds a B.Compt, Honours, H.Dip (Tax) from the University of Cape Town. He is a qualified Chartered Accountant with an H.Dip (Tax) from the University of Cape Town.

“SilverBridge has a great leadership team, able to build loyalty with its customers through the delivery of sustained service quality.”

Jaco Swanepoel

Jaco Swanepoel

Jaco Swanepoel is the CEO of the Group and played a key role in the creation of SilverBridge. His experience in financial services and IT dates back to 1984 when he joined Sanlam’s actuarial department, where he was involved in life and pension valuations. He joined Momentum Life in 1989, broadened his experience to cover most aspects of life policy administration and product development. He was one of the co-founders of SDT in 1995, which was reverse listed as SilverBridge in 2006. Jaco Swanepoel holds a B.Sc (Econ) from the North West University.

Andile Sangqu

Robert Emolie

Robert Emolie has more than 30 years experience in the financial services sector and has held positions as the head of Absa Business Banking, ABSA Africa and ABSA Corporate and Business Bank. He has also been a member of the Absa Group Exco and during his time at Absa he was a board member of the following listed companies: Paramount, Amnb and Commercial Bank of Zimbabwe. He is a qualified Chartered Accountant.

Jeremy de Villiers

Jeremy de Villiers has more than twelve years experience in investment banking, corporate finance and investment management. He is the managing director of Cape Empowerment Trust Limited, a JSE-listed diversified investment holding company. Prior to joining Cape Empowerment Trust in 2007 he was the General Manager of Sasfin Capital, the successful investment banking, private equity, corporate advisory and JSE-sponsored business unit of Sasfin. He is a qualified Chartered Accountant, with an H.Dip (Tax) from the University of Cape Town.

Jeremy de Villiers

Jaco Maritz

Jaco Maritz is currently the Financial Director of the Group and joined SilverBridge Software Solutions in 2005. He has been involved in the IT sector for more than ten years, with experience 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. He is also a member of the Institute of Directors of South Africa.

Jaco Swanepoel (CEO)

Sandra Duetsch

Sandra Duetsch founded and acted as CEO of Ones & Zeros, which was established in 1997. She has more than twenty-five years’ experience in IT, with significant consulting experience in the financial services industry. She holds a National Diploma in Computer Science from Wits Technikon and an Advanced Certificate in IS Strategic Management from the University of Pretoria. She has also attended the executive development programme at Wits Business School.

Sandra Duetsch (Non-executive director)

Tyrrel Murray

Tyrrel Murray is the General Manager of Group Finance and Investor Relations at MMI (previously Metropolitan). 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 currently heads up MMI’s group investor relations programme. He is a qualified Chartered Accountant with an H.Dip (Tax) from the University of Cape Town.

Sapheile Sangweni

Sapheile Sangweni is an investment manager for the investment company Kagiso Tiso Holdings (Proprietary) Limited, which focuses on the industrial sector. She is also a non-executive director at Bell Equipment Sales South Africa (Proprietary) Limited and is a member of the SAICA Education Committee. She is a qualified Chartered Accountant.

Sapheile Sangweni (Alternate director to Andile Sangqu)

Dinga Madubela

Dinga Madubela is currently the Chief Executive Officer of Amabubesi Capital Technologies where his main responsibilities include strategy and acquisitions. Prior to this position, he served as head of finance and administration for five years within the group. His recent role was the head of Amabubesi Investments investment portfolio. He holds a B.Com (Unisa) and an MBA (USB).

Dinga Madubela (Non-executive director)

Sphelele Sangweni

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

Sphelele Sangweni (Non-executive director)

Robert Emslie

Robert Emslie has more than 30 years experience in the financial services sector. He holds a BCom (Unitra) and an MBA (USB). He is a Chartered Accountant and has completed an executive management course at the University of Pretoria. He is also a member of the SAICA Education Committee. He is a qualified Chartered Accountant.

Robert Emslie (Independent non-executive director)

Tyrl Murray

Tyrl Murray

Tyrl Murray (Non-executive director)
Our strategy is all about identifying client needs and implementing winning, long-term solutions that make life insurance easy.

By creating more cost-effective administration solutions and driving efficiency through our core product, we make life assurance easy. Solution design of existing products, according to particular needs, benefits our clients and through them the man in the street.

**Our strategic initiatives are**
- To increase our operational efficiency
- To maintain our products’ relevance and enhance its competitiveness
- To improve our implementation methodology
- To improve our customer service
- To accelerate our performance

**Solutions our clients need**
- Access to rapid change in product features
- Enabling them to easily expand into new markets
- Rapid implementation of systems
- Accessibility features to allow them to connect to other systems, the internet and mobile devices
- Enabling personal advisors quick access to basic services
- Smooth integration of client interfaces
- Easier client interactions
- Simplified, centrally planned and controlled processes
- Management information that informs management decisions
- Efficient integration of different systems
- Well designed, end-to-end processes
- Reducing costs reduces fees

**Solutions we offer**
- Easy integration with other systems
- Multi-channel client access – from mobile to internet
- Advanced interface technologies offer easy integration
- End-to-end functionality covers a wide range of processes
- Data structures enable process management and improvement

**How we build and deliver solutions**

<table>
<thead>
<tr>
<th>SEGMENT</th>
<th>ACTIONS</th>
<th>HOW WE USE THE OUTPUT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solution Design</td>
<td>Ask questions about clients’ strategy</td>
<td>To guide the implementation to meet the clients’ strategic objectives</td>
</tr>
<tr>
<td></td>
<td>Ask questions about the clients’ business</td>
<td>To understand the process architecture required</td>
</tr>
<tr>
<td></td>
<td>Map the answers to vanilla product</td>
<td>To understand how the system meets clients’ process requirements</td>
</tr>
<tr>
<td></td>
<td>Identify scope for both client and software implementation</td>
<td>To understand the configuration and customisation requirements</td>
</tr>
<tr>
<td>Implement</td>
<td>Install the vanilla pre-configured system</td>
<td>Gives us a head start by having a working system from day one which is then modified through the configuration process to meet the process requirements</td>
</tr>
<tr>
<td></td>
<td>Execute, monitor &amp; control</td>
<td>System ready for deployment</td>
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<tr>
<td>Support</td>
<td>Resolve problems</td>
<td>Ensure that the system works properly in the operational environment</td>
</tr>
<tr>
<td></td>
<td>Change functionality</td>
<td>Meet clients’ changing process requirements</td>
</tr>
<tr>
<td></td>
<td>Configure new products</td>
<td>Meet market requirements quickly</td>
</tr>
<tr>
<td></td>
<td>Continuous training</td>
<td>Ensure that clients unlock value</td>
</tr>
</tbody>
</table>

**PRODUCT**
- SilverBridge Generic Building Blocks

**SOLUTION DESIGN**
- SilverBridge Generic Client Solution
- Analysis of Client Specific Needs
- Client Specific Solution Plan
- Source other Building Blocks

**DELIVERY**
- Client Implementation
- Client Support
What we are doing to achieve our vision

Our business approach is motivated by a single vision: to enable financial services providers to deliver affordable products to the man in the street.

As part of building a successful operation, SilverBridge believes in sustaining an open and healthy working environment - a culture of teamwork and shared knowledge, in which real people are challenged and grow. Positive industry relationships - be it with clients, partners or peers - are equally vital.

Current areas of focus include:

- Scalability of resourcing
  - Contracting value added resellers (VAR’s)
  - Contracting non-core services

- Skills improvement
  - Training to comply with Microsoft ISV requirements
  - Introducing processes to facilitate cross-skilling and reduce key employee risk

- Intelligent engagement with clients
  - Understanding our client’s environment and business
  - Clarifying and communicating value propositions

- Employment equity
  - Active internship programme to achieve EE target

Our strategy for growth is focused on three key areas: new business, our existing clientele and our own service offering.

Current areas of focus include:

- Development in tier 1 companies, based on recent successful implementations
- Targeting South African companies that sell in Africa
- Building relationships with software vendors and future partners
- Maximising our revenue from our two main system offerings: Life assurance and loans administration solutions
- A focus on existing clients
  - Extending solution design capability and improving implementation
  - Initiating smaller projects that will grow into larger ones
  - Consolidation of existing Acczone client base

SilverBridge is service-orientated – we are all about solving problems and meeting client needs with winning solutions. Refining and improving our service is an on-going process.

Current areas of focus include:

- Building on solution design capabilities to better translate client objectives to IT solutions
- Our own implementation methodology to form the basis for the translation
- Refining our tried and tested templates in our knowledge repository
- Extending our core product suite which forms part of our IP assets

“We enable financial services providers to efficiently deliver affordable products to the men and women purchasing life cover to protect their families…”
Self-Evaluation

“Critical self-evaluation is key to achieving long-term goals – to realising the reality of our vision.”

Strong points

- Financial services expertise
- Customisable products and services
- Implementation track record
- Exergy brand awareness
- Ability to provide services to small and large clients

Opportunities

- Software for an increasingly mobile and online environment
- Package IP for partners
- Africa: backed by track record
- Competition to Exergy and loans are struggling

Pressure points

- Relatively small company
- Translating design requirements so as to unlock maximum benefit
- Limited coordinated sales effort for all services
- IP restricted to select individuals

Challengers

- Sanlam Reassurance and Clientele Life contracts exited
- Staff discomfort due to the above, as well as transformation
- Threat of staff being poached
- Impact of the economic crises and the resultant pressure on margins

Business Processes

Competencies
SilverBridge has three major areas of expertise – core competencies that ensure its competitive edge, as a financial services administration solution provider.

1. Translating industry trends and client requirements into core software solutions
2. Translating strategic client objectives into IT requirements
3. Knowledge of the African life insurance industry that resides in our people

What we measure

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In the wake of the recession, companies have been forced to analyse and critically engage with the way in which they do business. Operators in the financial services industry have found themselves under pressure, needing to deliver improved service, but at reduced cost. For SilverBridge the challenge has been and remains, to service their need, through consultation and product implementation - facilitating more efficient processes and saving them money.

During the course of the financial year, SilverBridge has itself evaluated and strategically adjusted its operational model. The transformation process whereby functioning subsidiaries of SilverBridge Holdings were incorporated into a single operating company, was a direct result of these industry pressures and motivated by a desire to maintain and further organic growth. Whilst it was a disappointing year – due largely to implementation complications in two major projects, SilverBridge is confident that the right measures and processes are now in place to counter and manage such obstacles in future projects.

As partners in technology to our clients in the life assurance and financial services industry, SilverBridge maintains a progressive approach to current trends and developments in technology. In an age of convenience, online business and social networking, our clients will need operational platforms that facilitate effective business dealings with a new and increasingly mobile generation of customers. Through the consistent development and customised adaptation of its software products and services, SilverBridge will remain the industry partner of choice.

Good governance remains a priority, as SilverBridge endeavours to meet the recommendations and requirements of the King III report, in its business relations and its open, honest approach to integrated financial reporting. Fostering good relationships – be it amongst employees, with clients or with shareholders and industry partnerships – has always been important to us. We value approachability and transparency and within our ranks a culture of shared knowledge, inclusiveness and professional integrity. Building healthy, long-term business relationships is, we feel, fundamental to the achieving of real sustainability. It is about people after all - valuing the skills and retaining the loyalty of our employees as well as understanding and servicing our customer base.

SilverBridge is proudly South African and our approach to empowerment and social upliftment is genuine. We are a level 4 black empowered company and reaching true and sustainable employment equity is an ongoing challenge. We wish to see actual results. It is not only about numbers, it is about quality – we monitor the individual growth and professional development of previously disadvantaged employees. We are particularly excited about our internship and learnership programmes, with which we aim to empower young people with dynamic skills and valuable experience, whether they remain with us or move on to empower the economy as a whole.

Over the years, SilverBridge has established a reputation for delivering on its promises and creating value for its shareholders, clients, suppliers and employees. Looking ahead, it is our intention to pursue sustainable growth in the context of good governance and industry compliance. We will continue to ask questions, evaluate and improve our service offering, learn from our mistakes and build on our successes.

Andile Sangqu
SilverBridge Chairman

“Over the years, SilverBridge has established a reputation for delivering on its promises and creating value for its shareholders, clients, suppliers and employees. Looking ahead, it is our intention to pursue sustainable growth in the context of good governance and industry compliance. We will continue to ask questions, evaluate and improve our service offering, learn from our mistakes and build on our successes.”

Andile Sangqu
SilverBridge Chairman

“We will continue to ask questions, evaluate and improve our service offering, learn from our mistakes and build on our successes. SilverBridge has carved a niche for itself by continuously improving its winning formula”
Generating efficiency through the effective use of our existing building blocks, rather than building from the ground up, is a key focus – as is our commitment to staying abreast of technological developments in the industry. With its online culture and the introduction of devices such as the iPad and PC tablets, our society is becoming increasingly mobile. Sensitive to these trends, we are expanding our web service interfaces as well as extending existing technologies, so as to support internet driven financial services providers. As an IT consultancy service and administrative software solutions company, we are committed to bridging the gap between service and technology.

SilverBridge’s vision remains clear: enabling our clients to offer cost-effective products to the man in the street. Looking forward, our growth strategy is focused on servicing our existing clients, as well as on sales to new clients. We still see Africa as a major growth area and have intensified our efforts in this market with a more focused approach to sales, as well as targeted packaging of our life assurance product. We will continue to build relationships with South African companies that sell in Africa to support our Africa strategy.

In the spirit of self-evaluation and strategic change embraced over the course of the period, we will continue to refine our products and service, ensuring that SilverBridge grows in a sustainable manner - to the benefit of its valued employees, industry partners and shareholders.

As a Group we have experienced one of the most challenging periods in our history. These challenges required a new approach resulting in many changes to our business. It is never easy to change and the demands on everybody at SilverBridge were enormous. I would like to thank all our employees who stood by us and struggled through the difficulties.

Jaco Swanepoel
SilverBridge CEO

“It has been a period of consolidation and focus for SilverBridge”

It has been a period of consolidation and focus for SilverBridge. In order to facilitate greater efficiency in processes and service and as a cost-saving exercise, the Group’s subsidiaries (SDT, Ones & Zeros and Acczone) were consolidated into one operational unit SilverBridge. We formalised our implementation processes with our own implementation methodology and our own enterprise architecture model for the life insurance industry – the IBA. We continue to focus on life assurance, which is our core business and have postponed our acquisition strategy, due to unsuitable market conditions.

The implementation of two key processes: our client management process, to ensure that we keep track of work done for clients and the SilverBridge implementation methodology, which is backed by a repository of templates, guidelines and example documentation prerequisite for the effective implementation of projects. Both processes are embedded within a process management tool. The processes are supported by the IBA - a comprehensive description of the various processes in a life office - ensuring that clients understand what we do and do not do. We also developed Exergy2Go, a preconfigured version of Exergy, which can be deployed almost immediately and modified to meet specific requirements. Exergy2Go is supported by a document repository, outlining its configuration and system architecture.

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Jaco Swanepoel
SilverBridge CEO

“It has been a period of consolidation and focus for SilverBridge”
Financial features of the period past

So as to facilitate better alignment with its natural selling and delivery cycles, as well as more efficient planning and budgetary processes, the Group has changed its year-end to the 30th of June. The Group is therefore reporting on a 16 month financial period.

SilverBridge had a disappointing period, due largely to the increasingly complex implementation requirements of larger clients. Specifically, money and capacity was invested into two major client implementations, both of which were subsequently exited by mutual consent. In both cases, project deliverables were not aligned with client capacities and expectations. The consequence was that the allocation of highly skilled resources to the projects in question rather than to new or alternative opportunities, reduced the revenue generating capability of the Group. Furthermore, the termination of these projects resulted in the loss of potential software rental and support income.

On the consulting front, the completion of the Mercantile project, after a period of two and half years, coincided with a decline in market conditions. As a result of the noted and significant drop in this revenue stream, reporting on the consulting segment has been consolidated into the implementation segment and we will report in this manner going forward.

Intangible assets and impairments

Goodwill of R8.1 million resulting from the Group’s reverse acquisition of SilverBridge Holdings did not require impairment, based on the future prospects and cash flow projections of Exergy, our life insurance software product.

Goodwill of R8.4 million resulting from the acquisition of Ones & Zeros and R14.2 million from the acquisition of Acczone, was fully impaired based on cash flow projections, current market conditions and the integration of these business units into SilverBridge. Naturally, on account of this consolidation, these cash generating units will no longer be identified separately.

Capitalising on development costs

Current development activities involve the design and planned production of new and 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 sufficient resources are available within the Group to complete the development of products and processes (as assets, to use or sell). Development costs are currently amortised over the estimated lifespan of a project or product. The reasonable useful life of the software is gauged and reviewed by management.

Sustainability of revenue

Our business model and approach to new clients is based on a rental model - an ongoing business relationship with clients in which products and services are continually improved which provides us with a more even spread of annuity income. On a financial level and with support contracts in place, R42 million is secured as annuity contracted revenue.

With the overflow of current contracts from 30 June 2011, we have in total R60 million in contracted revenue for the year. Our pipeline remains positive, with the resultant challenge being to efficiently and strategically synchronise our current capacity with available projects and opportunities.

Our pipeline remains positive, with the challenge being to efficiently and strategically synchronise our current capacity with available projects and opportunities.

CFO’S REVIEW

“Our pipeline remains positive, with the challenge being to efficiently and strategically synchronise our current capacity with available projects and opportunities.”

Sincerely,

Jaco Maritz
SilverBridge FD
SilverBridge practices qualitative governance. We are committed to informed decision-making and honest business practice, ensuring long-term equity performance, sustainability and value for our shareholders.

The board, its committees and our employees reaffirm their commitment to principles of sound corporate governance – keeping abreast with changing regulatory and compliance requirements, whilst at the same time maintaining real and sustainable performance, to the benefit of our shareholders.

As demonstrated by this integrated report, SilverBridge has embraced the “apply or explain” principle of King III and complied with the Companies Act and Listings Requirements of the JSE Limited (aside from where otherwise indicated).

Companies Act 2008 (Act 71 of 2008)
The Companies Act of 2008 came into effect on the 1st May 2011. Within the transitional period, SilverBridge has been aligned with these new requirements.

Code of ethics
The board endorses and has adopted a code of ethics and conduct for the Group.

The Group conducts its business with honesty, excellence and in accordance with the highest legal and ethical standards. All employees (at Group as well as subsidiary levels) are required to act in this spirit of integrity, maintaining the established and high standards of SilverBridge in their professional conduct and business dealings.

“Sustainability, built on credibility and good corporate governance…”

Board of directors

Board charter
The composition, scope of authority, responsibility and function of the board is contained in a formal charter, which is reviewed on a regular basis. The agreed division of responsibility ensures a balance of authority, with no one individual having unrestricted decision-making powers.

Board composition
SilverBridge has a unitary board structure, with eight directors and one alternate director. The board composition is as follows:

- Chief Executive Officer
- Chief Financial Officer
- Chairman (independent non-executive director)
- Two independent non-executive directors
- Three non-executive directors.

Biographical details of all the directors appear on page 18 and 19.

Appointments Made During the Financial Period:
- Mr. R Emslie was appointed as independent non-executive director on 17th January 2011
- Mr. D Madubela was appointed as non-executive director on 14th July 2011

Designations Changed During the Financial Period:
- Mrs. S Duetsch designation changed from executive to non-executive director on 4th May 2011

Resignations During the Financial Period:
- Mr. D Smollan resigned 25th June 2011
- Ms. N Mokone resigned 14th July 2010

Board meetings
A minimum of four board meetings are scheduled per financial year. Additional meetings may be convened to consider specific business issues, which may arise between scheduled meetings. No additional meetings were required during the period. We are, however, reporting on six board meetings due to the year-end change from February to June. Attendance of board meetings is available on page 46.

In addition to board meetings, annual strategy meetings with executive management are convened. Strategic direction is determined within these key meetings and the executive management proposes to the board its objectives and plans. These strategic plans are reviewed and discussed and thereafter monitored by the board (in accordance with the Group’s performance).

Subsidiary boards
The boards of the Group’s subsidiaries were similarly constituted, with an appropriate mix of skills, experience and diversity. It was however decided during the course of the year to consolidate these [subsidiaries] – a strategic move, in line with the new and more efficient operational model of SilverBridge.
The directors: their roles and responsibilities

The board is responsible for the Group’s overall good corporate governance. The duties and responsibilities of directors are prescribed by law. In the interests of good governance, the board discharges the following (but not limited to) duties:

- The directors provide strategic direction to the company – appreciating that strategy, risk, performance and sustainability are inseparable. They also monitor the implementation of strategy.
- They retain full and effective control of the company, providing the necessary leadership.
- They act as the focal point and custodians of corporate governance.
- They are responsible for the governance of risk.
- They maintain balance between compliance (with the dictates of good governance) and performance.
- They ensure that the company is and is seen to be, a responsible corporate citizen.
- They communicate with stakeholders and ensure full, timely and transparent disclosure of all material matters.
- They review the size and composition of the board, in terms of its skills-diversity mix and the constitution requirements of its appropriate board committees.
- They agree on procedures allowing directors access to independent, professional advice where necessary.
- They agree on procedures regarding the management of conflicts of interest.
- They have unrestricted access to company information and records.
- They delegate appropriate powers to management and consistently monitor the exercise of it.
- They are responsible for information technology governance.

The Chairman

The chairman of the board is an independent non-executive director. The roles of the chairman and CEO remain separate. The chairman’s performance is evaluated annually.

Principle 2.16 of King III recommends that the chairman of the board be an independent non-executive director. The board reviewed the chairman’s position and concluded that he is independent irrespective of his previous employment with Kagiso.

He was employed by Kagiso Group (now Kagiso Tiso) and represented their shareholding until 4 November 2009, after which he moved onto other opportunities. Resultantly, he no longer represents the shareholder. The board therefore views Andile as independent for all purposes.

Non-executive directors

Non-executive directors are not involved in the day-to-day business of the company, neither are they full-time, salaried employees of the company, or its subsidiaries. The non-executive directors enjoy no benefits from the Group for their service (as directors), other than their fees and potential capital gains and dividends gained from interests in ordinary shares. None of the non-executive directors participates in the share incentive scheme. The non-executive directors have unhindered access to management.

All non-executive directors are individuals of the highest calibre and credibility. Independent of management, they have the necessary skills and experience to counsel and bring judgement to bear on issues of strategy, performance, resources, transformation, diversity, employment equity, standards of conduct and performance evaluation.

Independence of directors

The independent non-executive directors are independent in terms of both the King III definition and the requirements of the JSE Limited. None of them participate in the share incentive scheme. No independent non-executive director has served for a period of 9 years. The Board will continue to measure their independence, in line with policy.

Of the independent non-executive directors, we confirm the following:

- They were not representatives of any shareholder with the ability to control or materially influence management or the board.
- They were not employed by the Company or the Group in any executive capacity in the last three financial years.
- They were not members of the immediate family or of an individual who is, or has been in any of the past three financial years, employed by the Company or the Group in an executive capacity.
- They were not professional advisers to the Company or the Group, other than in the capacity as a director.
- They were not suppliers to the Company or Group, or to clients of the Group.
- They had no material contractual relationship with the Company or Group.
- They were free from any business or other relationship which could be seen to materially interfere with the their capacity to act in an independent manner.

Executive directors

The executive directors of SilverBridge are involved in the company on a day-to-day basis and have entered into service contracts exceeding three years. The CEO’s performance is evaluated by the Chairman on an annual basis.

None of the executive directors are appointed on the share option trust. The Company has two executive directors: the Chief Executive Officer and the Financial Director. The board determines the remuneration of executive directors, in accordance with the remuneration policy put to shareholders vote.

The executive directors are individually mandated and held accountable for:

- The implementation of strategies and key policies determined by the board.
- Managing and monitoring the business and affairs of the company in accordance with approved business plans and budgets.
- Prioritising the allocation of capital and other resources.
- Establishing the best managerial and operational practices.
Chief executive officer
The CEO is tasked with the running of the business and the implementation of policies and strategies approved and adopted by the board. The governance and management function of the CEO is aligned with that of the board. In the delegation of responsibilities the CEO conveys authority on management and is accountable for doing so. In this sense, the accountability of management is a direct reflection of the CEO’s authority.

Appropriate measures are in place and are communicated to management, monitoring levels of authority applied within the Group - particularly in regards to: human resources, capital expenditure, procurement and contracts.

Board selection, appointment and rotation
Directors are appointed by means of a transparent and formal procedure, governed by the nomination committee’s terms of reference. The nomination committee is responsible for selecting and recommending the appointment of competent, qualified and experienced directors. The board as a whole appoints directors, who are subject to an induction programme. This process of the appointment is in line with the recommendations of King III.

Re-appointment to the board is not automatic, although directors may recommend themselves for re-election. In terms of the Articles of Association, a third of the directors retire by rotation annually. The names of the directors eligible for re-election are submitted at the annual general meeting, accompanied by appropriate biographical details, as set out in the integrated report. The Company has not adopted a retirement age for directors.

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

All directors have unhindered access to management, the Company Secretary and to any company information (records, documents and property) which may in any way assist them in the responsible 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 and compliance with legislation, JSE Listing requirements and securities exchange requirements.

At SilverBridge, we are committed to providing ongoing professional development and training opportunities for all our directors and officers.

Company Secretary
All directors have access to the advice and services of the Company Secretary. The Company Secretary, Fusion Corporate Secretarial Services (Pty) Ltd, is represented by Melinda Gous.

As highlighted in the board charter, the Company Secretary assists the board in meeting its fiduciary obligation to the shareholders. In this regard, the Company Secretary’s tasks include: developing and implementing policies and processes regarding corporate governance matters, assessing board membership needs, ensuring the board is appropriately constituted and proposing director candidates.

The Company Secretary is responsible for the functions specified in the Companies Act of 2008. All meetings of shareholders, directors and board sub-committees are properly recorded, as per the requirements of the Act.

Committee structure
The directors have delegated specific functions to committees, to assist the board in meeting their oversight responsibilities. The board has established standing committees in this regard. The board committees are constituted with sufficient non-executive representation. The board committees are subject to regular evaluation by the board, so as to ascertain their level of performance and effectiveness.

The committees act in accordance with approved terms of reference, which are reviewed annually – allowing the directors to confirm whether or not the committees have functioned in accordance with these (written terms of reference) during the financial year.
### Audit and risk committee (ARC)

**ARC MEMBERS**
- Mr. J de Villiers
  (Independent non-executive director and chairman)
- Mr. R Emslie
  (Independent non-executive director and member)
- Mr. T Murray
  (Non-executive director and member)

The independent external auditors and the designated advisors attend the meetings as standing invitees. Mr. J Swanepeol (CEO) and Mr. J Maritz (FD) attend the meetings by invitation.

The audit and risk committee report can be found in the annual financial statements on page 69.

### Remuneration committee (Remcom)

**REMCOM MEMBERS**
- Mr. J de Villiers
  (Independent non-executive director and chairman)
- Mr. R Emslie
  (Independent non-executive director and member)

The independent external auditors and the designated advisors attend the meetings as standing invitees. Mr. J Swanepeol (CEO) and Mr. J Maritz (FD) attend the meetings by invitation.

The remuneration committee meets at least twice a year for special meetings, scheduled as required. No executive directors participate in discussions regarding their own remuneration and benefits; neither do they have a vote at meetings.

The chairman of the remuneration committee reports to the board after every remuneration committee meeting held. The chairman of the committee attends annual general meetings to answer shareholder questions.

Details on attendance of remuneration committee meetings is available on page 47.

### Remuneration structure

The remuneration structure is delegated as follows:
- The remuneration committee approves executive director fees
- The remuneration committee approves executive committee members’ fees, as proposed by management
- The remuneration committee approves subsidiary directors’ fees, as proposed by management
- Management approves employees’ remuneration

### Group remuneration philosophy

The Group’s remuneration philosophy complements its business strategy. The Group employs high-calibre individuals with integrity, intellect and a sense of innovation. It is fundamental to our business culture that all employees subscribe to the values, ethics and philosophy of SilverBridge.

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 this approach, so as to attract and retain suitable employees and board members – to the benefit of the stakeholders. The board acknowledges the importance of motivating individual and team performance and therefore applies its remuneration philosophy equitably, fairly and consistently in relation to job responsibilities, the markets in which the Group operates and personal performance.

The Group rewards executive directors and employees as follows:
- Market related and fair annual packages (base salary and benefits)
- Annual performance bonuses
- SilverBridge employee share ownership and share incentive schemes

“We are only as good as our people...”
Annual performance bonus
In addition to the employee’s fixed remuneration package, executive directors and members of senior management participate in an annual performance bonus scheme - to reward the achievement of agreed Group financial, strategic and personal performance objectives.

Employee share ownership and share incentive schemes
The SilverBridge employee share ownership and share incentive schemes were approved by shareholders on the 3rd July 2009 and amendments thereto were approved on the 25th June 2010.

These schemes were introduced for the purpose of providing an opportunity to the employees of the Group to acquire shares - either directly, through utilising bonus schemes implemented by the Company from time to time, or through the grant of options. The schemes provide incentive for employees to actively advance the interests of the group, to the ultimate benefit of the Group’s stakeholders.

Please see page 131 in the annual financial statements for the share options granted by the board.

Nomination committee
The nomination committee fulfils the following key functions:
- Recommending directors to the board, ensuring that it has an appropriate spread of skills, experience and diversity (of backgrounds and views)
- Assessing new directors and whether the basic requirements for directorship in the Companies Act are met
- Performing background checks on individuals
- Advising on the composition of the board (structure, size and balance between non-executive and executive directors)
- The nomination committee and the board evaluate whether collectively (but not necessarily individually) the audit and risk committee has the necessary skills to perform its function and responsibilities
- Coordinating the board evaluation process

Involvement in the evaluation of the directors, as well as of evaluation procedures and results.

The nomination committee is not limited to non-executive directors and is chaired by the chairman of the board of directors.

The committee acts in accordance with approved terms of reference, detailing the procedures for appointment to the board of directors. Appointments are formal and transparent and a matter for the entire board’s consideration. The responsibility of the committee extends to both new directors and directors available for re-election. The committee considers the past performance of the director, his or her contribution to the Group and the objectivity of their business judgement calls.

Role of the nomination committee
The committee is responsible for identifying and evaluating suitable candidates for appointment to the board. It ensures the optimal functioning of the board and oversees its composition.

Board evaluation
A board evaluation was conducted and the overall feedback was positive.

Details of attendance of the nomination committee meetings is available on page 47.

Investment committee
Established by the board of SilverBridge, the Group’s investment committee considers investments proposed by management regarding the company and its subsidiaries and makes such recommendations to the board as it deems necessary. The investment committee functions independently from the board, but under an approved term 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:

“Good corporate governance – it is not what we do, it is how we do it. It is an approach…”
Considering commitments, acquisitions or disposals in line with the strategy of the Group.
Changes in the scope of projects.
Performing such other investment related functions as may be designated by the board from time to time.
Considering the viability of the capital project and/or acquisition and/or disposal and the effect it may have on the Group’s cash flow, as well as its relevance to Group strategy.
Ensuring that due diligence procedures are followed when acquiring or disposing of assets.
Details of the attendance of the investment committee meetings are available on page 47.

Share dealing:
A formal policy has been adopted whereby directors, employees, consultants and agents are prohibited from trading in the Group’s securities during closed periods. These closed periods run from the end of the interim and annual reporting periods, until the financial results are disclosed on the Securities Exchange News Service (SENS).

None of the aforementioned are permitted to trade in securities at any other time if they have access to price-sensitive information, which is not in the public domain and whilst SilverBridge is trading under cautionary.
Directors are required to obtain written clearance from the Chairman prior to dealing in the company’s shares. The Chairman is required to obtain approval from the Chairman of the audit and risk committee before undertaking any share dealings. It is also mandatory for directors to notify the Company Secretary of any dealings in the company’s shares.

Analysis of shareholding
Please see the analysis of shareholding report on page 64.

Ethics and values:
At SilverBridge, we value open communication, the sharing of knowledge and the empowerment of individuals.

With regards to our ethics and values – our business philosophy – we are committed to excellence and integrity in all that we do.

At SilverBridge, a documented policy requires that all employees adhere to ethical business practices in their relationships with one another, suppliers, intermediaries, shareholders and investors. This policy also sets stringent standards relating to the acceptance of gifts from third parties and declarations of potential conflicts of interest.

Mr. G Erasmus purchased shares in the open market:
- 8 February 2010: 1 840 @ R1.50
- 18 February 2010: 1 631 @ R1.50
These trades were only announced on 1 March 2010.

Mr. G Erasmus sold shares in the open market:
- 22 November 2010: 100 000 @ R1.70
- 2 December 2010: 7 342 @ R1.75
- 3 December 2010: 101 304 @ R1.70

A fraud prevention policy ensures that a firm stance is taken against fraud and that offenders are duly prosecuted. The policy outlines the Group’s response to fraud, theft and corruption committed by staff and external parties against the Company. The audit and risk committee manages the legal processes relating to cases of fraud, ensuring the highest possible level of recovery for the Group from any fraudulent behaviour.

Approximately 21% of the Group’s employees are from historically disadvantaged backgrounds. As SilverBridge mainly employs graduates, we have noted with satisfaction the increasing levels of suitably qualified people from historically disadvantaged backgrounds graduating from South African Universities.

At SilverBridge, we promote a healthy, secure and participative social and working environment for our staff, business associates and (wherever appropriate) the public at large.

Training and promotion:
SilverBridge launched a learnership and internship program for previously disadvantage individuals in 2010. The table below details the number of positions per type of skilled developed through the two programs and our current intake. The internship program will be expanded to include a program for our specialised position of product implementation consultants (with actuarial science background) which will incorporate the current learnership program focussed on previous disadvantage individuals.
**Social responsibility concerns**

**POPUP** is an upliftment programme for destitute and jobless people. Many people who are admitted to the organisation’s centre are from poverty stricken areas and are severely traumatised. These beneficiaries need special care and crisis intervention to heal them from their past experiences and trauma. The aim of the organisation is the rehabilitation of people, empowering them to self-sustainability, equipping them with survival skills, job creation, job placement and self-employment.

**Eaglenest** Home for Orphans acts as a feeding scheme, drop-in centre and early child care development centre for approximately 236 children affected and/or infected with HIV and AIDS, in the Mofolo Village area in Soweto. Eaglenest has been registered as a non-profit organisation (NPO) with the Department of Social Development since 3 October 2006. The NPO has a constitution as prescribed by the Department of Social Development.

**Manong Youth Developers** is a Limpopo-based non-profit organisation (NPO/NGO), founded in August 2007. The aim is to help develop young people in our rural communities through education, information and life skills; all of which will help enrich their lives and inspire them to realise and maximise their potential, so they can soar together as future leaders, economic role players and community developers who are progressively working to improve the living conditions of their people. MYD was founded by, consists of and is managed by a group of young people (students and young professionals) from the Ga-Rankgoadi region of the Limpopo province.

**Business enterprise development initiatives**

In 2010 SilverBridge afforded Junior Tsela the opportunity to start her own logistics and transportation management business (Silver Rainbow Logistics) as part of SilverBridge’s Business Enterprise Development initiative.

**Political donations and affiliations**

As a proudly South African concern, the SilverBridge supports the democratic system in South Africa – we do not, however, make donations to individual political parties.

**A going concern**

The board is satisfied that the Group has adequate resources to continue operating for the next 12 months and into the foreseeable future. The financial statements presented have been prepared on a going concern basis. The board is apprised of the Group’s going concern status at each board meeting.

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**Investor relations and communication with stakeholders**

The Group strongly believes that communication with its stakeholders is vital. Investor relations activities include interim and final results presentations to investors - available on the SilverBridge website: www.silverbridge.co.za.

The Group will continue to have an interactive relationship with shareholders, investors, analysts, investors and regulators.

**Designated advisor**

Merchantec Capital was appointed as the designated advisors of the Group on the 18th February 2010 and remain as such.

**Transfer secretary**

Computershare Investor Services (Pty) Ltd is the appointed transfer secretary to the Group. They assist with enquiries pertaining to shareholdings. Shareholders can address shareholding related queries to PO Box 61051, Marshalltown, South Africa, 2107.
### Summary of meetings held

<table>
<thead>
<tr>
<th>Key</th>
<th>Present</th>
<th>Absent/Resign/Not appointed yet</th>
<th>Apology</th>
<th>Alternate</th>
<th>Meeting cancelled</th>
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<td></td>
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#### BOARD

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<th>14/07/2010</th>
<th>13/10/2010</th>
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<tr>
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<td>P</td>
<td>A</td>
<td>P</td>
<td>A</td>
<td>P</td>
</tr>
<tr>
<td>Ms. S Songweni</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>A</td>
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<td>P</td>
</tr>
<tr>
<td>Mr. D Smollan</td>
<td>P</td>
<td>X</td>
<td>X</td>
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<td>X</td>
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</tr>
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<td>Mr. J de Villiers</td>
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<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Mr. T Murray</td>
<td>P</td>
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<td>P</td>
<td>P</td>
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<tr>
<td>Mr. J Swanepoel</td>
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<td>P</td>
<td>P</td>
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<td>P</td>
</tr>
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<td>Mr. J Maritz</td>
<td>P</td>
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<td>P</td>
</tr>
<tr>
<td>Ms. S Duetsch</td>
<td>P</td>
<td>A</td>
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<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Mr. D Madubela</td>
<td>X</td>
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<td>X</td>
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<td>P</td>
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</tr>
<tr>
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#### AUDIT & RISK COMMITTEE

<table>
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<th>11/02/2011</th>
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<tbody>
<tr>
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<tr>
<td>Mr. T Murray</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>X</td>
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<tr>
<td>Mr. R Emslie</td>
<td>X</td>
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<td>P</td>
<td>P</td>
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<tr>
<td>Company Secretary</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Designated Advisor</td>
<td>P</td>
<td>P</td>
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#### INVESTMENT COMMITTEE

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<tr>
<td>Mr. R Emslie</td>
<td>X</td>
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<td>P</td>
</tr>
<tr>
<td>Mr. J Maritz</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Company Secretary</td>
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#### REMUNERATION COMMITTEE

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<th>20/04/2011</th>
<th>07/07/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. J de Villiers</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Ms. N Mokone</td>
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<td>X</td>
</tr>
<tr>
<td>Mr. R Emslie</td>
<td>X</td>
<td>X</td>
<td>P</td>
<td>P</td>
</tr>
<tr>
<td>Company Secretary</td>
<td>P</td>
<td>P</td>
<td>P</td>
<td>P</td>
</tr>
</tbody>
</table>
At SilverBridge we follow a strategic risk management process:

- Events that may lead to risks materialising are identified within the generic risk framework.
- Events are then assessed, with regards to their probability, as well as their potential impact on the business if they materialise.
- Preventative actions (probability) and contingent actions (impact) are identified to mitigate these, as well as critical action plans (to be managed on an executive committee level).
- Taking these actions into account, the overall assessment of risk is compared against the level of risk deemed acceptable by the Group.

The executive committee reports to the audit and risk committee on overall risk processes, identified events and mitigation action plans. The audit and risk committee, in turn, presents to the board an overview of these potential risks, processes and critical actions.

As a framework for our risk management process, we have identified ten generic business risks:

1. Loss of profits due to lack of financial control
2. Concentration of clients leading to a loss of income
3. Loss of income due to products and service being unattractive to the market
4. Inability to execute orders due to a lack of operational capacity
5. Loss of IP due to mismanagement
6. Failure of an acquisition leading to financial loss or reputational damage
7. Failure to comply with legal and legislative requirements and practices
8. Business disruption due to natural hazards
9. Loss of business due to external, political and economic events

**Risk management report**

**Assessment framework**

<table>
<thead>
<tr>
<th>Probability</th>
<th>Category</th>
<th>Future Occurrence and Past Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>Certain</td>
<td>Indications show it will occur</td>
</tr>
<tr>
<td>70% - 99%</td>
<td>High</td>
<td>Likely to occur more than twice a year</td>
</tr>
<tr>
<td>30% - 70%</td>
<td>Medium</td>
<td>Likely to occur once or twice a year</td>
</tr>
<tr>
<td>10% - 30%</td>
<td>Low</td>
<td>Unlikely to occur</td>
</tr>
<tr>
<td>&lt;10%</td>
<td>Rare</td>
<td>Highly unlikely to occur</td>
</tr>
</tbody>
</table>

**Impact**

<table>
<thead>
<tr>
<th>Financial</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Catastrophic (&gt;10%)</td>
<td>&gt;R10m</td>
</tr>
<tr>
<td>Major (5%)</td>
<td>R5m-R10m</td>
</tr>
<tr>
<td>Medium (2%)</td>
<td>R1m – R5m</td>
</tr>
<tr>
<td>Minor (1%)</td>
<td>R500k – R1m</td>
</tr>
<tr>
<td>Trivial (&lt;1%)</td>
<td>&lt;R500k</td>
</tr>
</tbody>
</table>

“Informed decision-making and honest business practice ensures long-term equity performance, sustainability and value for our shareholders.”
## Risk matrix

<table>
<thead>
<tr>
<th>RISKS</th>
<th>POSSIBLE EVENTS</th>
<th>MITIGATION ACTIONS</th>
<th>ASSESSMENT</th>
</tr>
</thead>
</table>
| Loss of profits due to lack of financial control | Risk relates to events where financial losses are incurred as a result of:  
- Lack of budget control on projects and support contracts  
- Lack of budget control on investment projects  
- Lack of cost management, including overhead costs  
- Cash management process breakdown | - Clear accountability allocation for budget control  
- Financial measurement, reporting and analysis that covers relevant operational processes  
- Investment management process  
- Working capital management | ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) |
| Concentration of clients leading to a loss of income | Risk relates to events where financial losses are incurred as a result of:  
- Situations where a significant portion of revenue is generated from a single client or related group of clients  
- Situations where one or more client change their business structure or model and our product/service is no longer viable | - Key account management plans  
- Sales pipeline management process  
- Service quality plan  
- Continuous investment evaluation into products  
- Development of new markets | ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) |
| Loss of income due to products/service being unattractive to the market | Risk relates to events where financial losses are incurred as a result of:  
- Situations where a change in legislation causes a change in market requirements  
- Consumer demand in financial services changes and our product/service becomes redundant  
- Market perception of Silverbridge is not aligned with our value proposition | - Continuous investment evaluation into products  
- Strategic management  
- Retaining industry leadership within our area of speciality  
- Marketing and branding | ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) |
| Inability to execute business plans due to a lack of key skills | Risk relating to a lack of appropriate skills within the Company to achieve business objectives | - Clearly defined job roles and descriptions, with competency requirements  
- Development programs and structured training  
- Performance review process with defined KPI’s  
- Retention plans | ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) |
| Loss of IP due to mismanagement | Risk relating to reductions in the value of our intellectual property – in regards to software, processes and our understanding of the life insurance industry | - Physical security  
- Software and other IT security controls  
- Contractual security in client and employee contracts  
- Retention plans for key employees | ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) |
| Failure to comply with legal and legislative requirements and practices | Risk relating to the integration of acquisitions into the current business | - Corporate action methodology, controls and knowledge  
- Business integration process and management experience  
- Management experience in managing multiple businesses | ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) |
| Business disruption due to natural hazards | Risk relating to business continuity, resulting from force majeure | - Business continuity plans  
- Insurance | ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) |
| Loss of business due to external political and economic events | Risk relating to the impact of external factors like financial crises, exchange rates, political unrest, travel complications, power failures, etc… | - Strategic management  
- Experience board and management team  
- Insurance, hedging and covers  
- Risk management process  
- Business continuity plans  
- Robust financial models | ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) ![star](https://www.flaticon.com/svg/static/icons/svg/1248/124824.png) |
OPERATIONAL REVIEW

Financial fundamentals of our business
SilverBridge produces four main streams of revenue:

Revenue generated from process consulting to new and existing clients and the implementation of our software - from initiation to changes and upgrades.

Revenue generated from monthly, hourly-based support contracts, as well as additional hourly support (over and above contracted hours).

Revenue generated from the use of our system by clients, generally based on a fee per policy. Variations on this policy include a percentage of premium income or a fixed monthly charge.

Revenue generated from an initial license fee charged for the use of our system, as well as yearly maintenance fees. This is not, however, our preferred model - favouring as we do the rental model for the securing of software revenue.

We classify implementation and consulting revenue as project related revenue. Whilst a portion of this income is generated from our existing client base, the majority is from new implementations, which have to be sold on a continuous basis.

Support, rental and maintenance revenue are classified as annuity revenue, as these revenue streams are mostly generated from monthly contracts with existing clients.

Revenue generated from the use of our software by clients is invested in our products, as we improve and update our software and processes in accordance with industry developments and trends. Revenue is also invested into client requests. We determine our net of investment rental revenue for each financial year.

We do not own any significant physical assets (buildings, equipment, etc.) except for our IT infrastructure. Indirect costs consist of infrastructure support costs, such as rental of buildings, communication, IT expenses and office support - as well as support divisions like internal IT support, human resources, finance, marketing and strategy.

“Translating technology into service, that’s what we are about…”

Implementation, Consulting and Support
Implementation, Consulting and Support (Gross Profit)

Rental, Maintenance and License Fees (Net of Investments)

Indirect Costs
### Our financial objectives

<table>
<thead>
<tr>
<th>FINANCIAL PARAMETERS</th>
<th>F2012</th>
<th>F2013</th>
<th>F2014</th>
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</thead>
<tbody>
<tr>
<td>Growth in rental</td>
<td>Grow with client base</td>
<td>Grow with client base</td>
<td>Grow with client base</td>
</tr>
<tr>
<td>Growth in rental from</td>
<td>Invest to establish</td>
<td>Invest to establish</td>
<td>Establish client base</td>
</tr>
<tr>
<td>partners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth in support</td>
<td>Align with client base</td>
<td>Grow with client base</td>
<td>Grow with client base</td>
</tr>
<tr>
<td>Growth in implementation</td>
<td>Maintain</td>
<td>Maintain</td>
<td>Maintain</td>
</tr>
<tr>
<td>Investing rental into</td>
<td>Maintain as % of rental</td>
<td>Maintain as % of rental</td>
<td>Reduce as % of rental</td>
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<tr>
<td>product &amp; processes</td>
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</tr>
<tr>
<td>Investing rental into</td>
<td>Strategic investment and</td>
<td>Strategic investment and</td>
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<tr>
<td>clients</td>
<td>partner establishment</td>
<td>partner establishment</td>
<td></td>
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<tr>
<td>Gross profit on</td>
<td>Establish new level</td>
<td>Maintain</td>
<td>Maintain</td>
</tr>
<tr>
<td>implementations</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Gross profit on support</td>
<td>Maintain</td>
<td>Maintain</td>
<td>Maintain</td>
</tr>
<tr>
<td>(lower than implementation)</td>
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</tr>
<tr>
<td>Indirect costs</td>
<td>Cost conscious</td>
<td>Reduce as % of revenue</td>
<td>Reduce as % of revenue</td>
</tr>
</tbody>
</table>

#### This period under review

**Financial review**

- **REVENUE (R'000)**
  - 2007: 150 000
  - 2008: 100 000
  - 2009: 50 000
  - 2010: 20 000
  - 2011: 0
  - 2011*: 20 000

- **ANNUITY INCOME (R'000)**
  - 2007: 80 000
  - 2008: 60 000
  - 2009: 40 000
  - 2010: 20 000
  - 2011: 10 000
  - 2011*: 5 000

- **OPERATING PROFIT (R'000)**
  - 2007: 15 000
  - 2008: 10 000
  - 2009: 5 000
  - 2010: 0
  - 2011: -5 000
  - 2011*: -10 000

- **CASH (R'000)**
  - 2007: 200
  - 2008: 150
  - 2009: 100
  - 2010: 50
  - 2011: 0

- **EMPLOYEES (R'000)**
  - 2007: 20
  - 2008: 15
  - 2009: 10
  - 2010: 5
  - 2011: 0

* For the 16 month period
* For the 16 month period, excluding fair value adjustment
Clients
In the period under review we expanded our market share with implementation into larger clients as well as smaller clients. Some of the contracts flow over our financial year end creating secured implementation revenue for the new financial year. We are in the process of converting some of current clients running on our older "Life system" to Exergy. Our focus remains on the African market including South Africa.

Processes
SilverBridge introduced two new consulting and implementation processes: a client management process, to ensure that we keep track of all work done for clients and the SilverBridge Implementation Methodology (SIM), which is backed by a repository of templates, guidelines and example documentation, prerequisite for the implementation projects. Both processes are embedded in a process management tool.

These processes are supported by:
- The Insurance Business Architecture (IBA): an end-to-end enterprise architecture description of the processes in a life assurance company, ensuring that our clients understand what we do and do not do.
- Exergy2Go: a preconfigured version of the Exergy software that can be deployed almost immediately for modification, so as to meet specific requirements. The package is supported by a document repository, describing its configuration and system architecture.

Transformation
It has been a period of transformation, with the integration of our three operating entities into a single operating company: SilverBridge. All three subsidiaries (SDT, Ones and Zeros and Acczone) now fall under the SilverBridge brand. As part of this streamlining process, the management structures of the individual companies were integrated. Furthermore, to simplify the integration we acquired the 49% minority shareholding of Ones & Zeros.

In this spirit of operational efficiency, we changed our year-end to the 30th June, supporting closer alignment with our natural selling and delivery cycles. It will also lead to more efficient planning and budget processes.

Challenges
It has been a challenging period for SilverBridge, with financial results impacted by the negative implementation dynamics of two complex projects, as well as a slowdown in the pure consulting segment.

In response, loss-making projects were terminated without recognition of the associated revenue. Further corrective action included a redesign of our implementation approach, as well as the integration of several business units.

Our people
People really are our most valuable resource. At SilverBridge, we are committed to a dynamic and inclusive team environment, in which individuals of all backgrounds are challenged and grow.

In line with the restructuring of our operational model, all employees were integrated into a single operating company, with updated and renewed human resources policies and procedures.

Empowerment
As a proudly South African concern, SilverBridge is serious about integration and the empowerment of previously disadvantaged groups. As we generally employ skilled and qualified people, we are excited to note the increasing volume and availability of previously disadvantaged graduates in our field of interest. Our learnership and internship programme aims to empower these young people with knowledge, experience and key skills. Our approach to equity is practical, measuring as we do not only the number of equity employees, but also the degree of their progress within the Company.

BEE Certificate Breakdown

<table>
<thead>
<tr>
<th>DESCRIPTION</th>
<th>WEIGHTING</th>
<th>SCORE FOR INDICATOR</th>
<th>POINTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall BEE Score</td>
<td>100</td>
<td>74.04%</td>
<td>74.04</td>
</tr>
<tr>
<td>Direct Empowerment</td>
<td>30</td>
<td>79.17%</td>
<td>23.75</td>
</tr>
<tr>
<td>Equity Ownership</td>
<td>20</td>
<td>115%</td>
<td>23</td>
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<tr>
<td>Management Control</td>
<td>10</td>
<td>7.50%</td>
<td>0.75</td>
</tr>
<tr>
<td>Human Resource Development</td>
<td>30</td>
<td>45.72%</td>
<td>13.72</td>
</tr>
<tr>
<td>Employment Equity</td>
<td>15</td>
<td>12.83%</td>
<td>1.92</td>
</tr>
<tr>
<td>Skills Development</td>
<td>15</td>
<td>78.62%</td>
<td>11.79</td>
</tr>
<tr>
<td>Indirect Empowerment</td>
<td>35</td>
<td>90.20%</td>
<td>31.57</td>
</tr>
<tr>
<td>Preferential Procurement</td>
<td>20</td>
<td>82.84%</td>
<td>16.57</td>
</tr>
<tr>
<td>Enterprise Development</td>
<td>15</td>
<td>100%</td>
<td>15</td>
</tr>
<tr>
<td>Residual</td>
<td>5</td>
<td>100%</td>
<td>5</td>
</tr>
<tr>
<td>Socio-Economic Development</td>
<td>5</td>
<td>100%</td>
<td>5</td>
</tr>
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### Line of business

<table>
<thead>
<tr>
<th>Line of business</th>
<th>Implementation and Software rental and Consulting fees</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>2011 Segment total revenue</td>
<td>42 344</td>
<td>24 158</td>
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<tr>
<td>Inter-Group revenue</td>
<td>(477)</td>
<td>–</td>
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<tr>
<td>2011 Segment external revenue</td>
<td>41 867</td>
<td>24 158</td>
</tr>
<tr>
<td>Direct segment cost</td>
<td>(30 585)</td>
<td>(17 410)</td>
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<tr>
<td>Cost capitalised</td>
<td>–</td>
<td>–</td>
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<tr>
<td>2011 Segment gross profit</td>
<td>11 282</td>
<td>6 748</td>
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<tr>
<td>Indirect segment cost</td>
<td>(16 486)</td>
<td>(9 384)</td>
</tr>
<tr>
<td>Segment result</td>
<td>(5 204)</td>
<td>(2 636)</td>
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<tr>
<td>Unallocated expenses *</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment loss</td>
<td>(1 819)</td>
<td>(1 819)</td>
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<tr>
<td>Fair value adjustment</td>
<td>1 467</td>
<td>1 467</td>
</tr>
<tr>
<td>Finance income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of loss in associate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the period</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Unallocated expenses relate to costs incurred at a corporate level.

#### Consulting

Consulting revenue was generated by Ones & Zeros. The Mercantile project was concluded after a period of two and a half years, coinciding with a decline in market conditions for consulting firms. The banking industry aggressively reduced its consulting complement, which impacted the business negatively. Our skilled consultants were redeployed in the life insurance industry, via the SDT client base. Ones & Zeros has been integrated with SDT. SilverBridge has acquired the remaining 49% from minority shareholders of Ones & Zeros.

#### Implementation

Implementation was negatively impacted by the delivery challenges of several complex projects (as highlighted at the end of February 2011). Some of these projects required further investment of highly skilled resources. After joint client reviews, loss-making projects were terminated during April and May - with associated revenue not being recognised. In addition, resources allocated to these projects decreased the overall revenue generating capability of the unit with some impact subsequently to the February interim period revenue and profit reduced as a result. Corrective actions have been taken, including a redesign of our implementation approach to prevent these challenges from occurring again. We are pleased to report that the ABSA implementation project, as the largest project ever for our Exergy solution, is proceeding well and parts of their business is already live on the system as planned.

#### Support

Support income is monthly contracted income and is annuity based. Revenue grew well, assisted by an increase in contracted support. Retainer support operates, however, at a lower margin than the rest of the support business. This, together with the general pressure of the implementation environment, affected the support margin negatively.

#### Software rental

Software rental is annuity based. Dependent on usage - increasing with the number of contracts or policies administered on the system - it typically grows slowly over time. Excluding the R7.3m license fee, software rental grew moderately owing to slight usage gains. Given the implementation challenges, no new software rental clients were added. However, existing clients were maintained and many have been converted to the new Exergy platform - preserving future annuity income. Corrective actions taken in the implementation area should enable the future growth of software rental.

#### Research and development

An increase in research and development costs (and specifically capitalisation cost) resulted from the redevelopment of the loans administration system bought from Acczone. R4.1 million was capitalised during the period on the loan administration system and R1.7 million on Exergy. The Acczone loans product was fully impaired (R4.7m) subsequent to the interim period reporting.

### As an integrated and dynamic group, SilverBridge has the largest number of life assurance system implementations across the African continent.
### Summary financial information

#### Consolidated statement of comprehensive income

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>121 042</td>
<td>106 508</td>
<td>70 568</td>
<td>59 865</td>
<td>51 079</td>
</tr>
<tr>
<td>Loss on disposal of subsidiary</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(52)</td>
</tr>
<tr>
<td>Other income</td>
<td>1 074</td>
<td>1 223</td>
<td>797</td>
<td>1 236</td>
<td>1 013</td>
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<tr>
<td>Personnel expenses</td>
<td>94 520</td>
<td>(62 215)</td>
<td>(43 861)</td>
<td>(33 766)</td>
<td>(28 242)</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>(3 977)</td>
<td>(3 383)</td>
<td>(2 693)</td>
<td>(1 357)</td>
<td>(1 074)</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>(619)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(264)</td>
</tr>
<tr>
<td>Professional fees paid for services</td>
<td>(6 671)</td>
<td>(8 045)</td>
<td>(4 387)</td>
<td>(3 253)</td>
<td>(3 417)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>19 333</td>
<td>12 409</td>
<td>11 156</td>
<td>(8 501)</td>
<td>(7 903)</td>
</tr>
<tr>
<td>Operating (loss)/profit</td>
<td>(3 004)</td>
<td>21 679</td>
<td>9 268</td>
<td>13 468</td>
<td>11 140</td>
</tr>
<tr>
<td>Impairment losses</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fair value adjustment</td>
<td>11 737</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Finance income</td>
<td>396</td>
<td>1 001</td>
<td>1 001</td>
<td>846</td>
<td>582</td>
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<tr>
<td>Finance expense</td>
<td>(14)</td>
<td>(517)</td>
<td>(288)</td>
<td>(139)</td>
<td>(11)</td>
</tr>
<tr>
<td>Share of loss in associate</td>
<td>(34)</td>
<td>9</td>
<td>10</td>
<td>(147)</td>
<td>(53)</td>
</tr>
<tr>
<td>(Loss)/profit before income tax expense</td>
<td>(18 608)</td>
<td>22 172</td>
<td>9 991</td>
<td>14 028</td>
<td>11 658</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(5 656)</td>
<td>(6 012)</td>
<td>(2 595)</td>
<td>(4 221)</td>
<td>(3 462)</td>
</tr>
<tr>
<td>(Loss)/Profit and total comprehensive income for the period</td>
<td>(24 264)</td>
<td>16 160</td>
<td>7 396</td>
<td>9 807</td>
<td>8 196</td>
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</table>

#### Consolidated statement of financial position

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<tr>
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<th></th>
<th></th>
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<th></th>
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</thead>
<tbody>
<tr>
<td>Total non-current assets</td>
<td>17 406</td>
<td>42 582</td>
<td>27 301</td>
<td>16 382</td>
<td>14 394</td>
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<tr>
<td>Income tax receivable</td>
<td>5 548</td>
<td>5 700</td>
<td>4 512</td>
<td>3 164</td>
<td>250</td>
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<tr>
<td>Revenue recognised not yet invoiced</td>
<td>530</td>
<td>6 657</td>
<td>1 221</td>
<td>6 976</td>
<td>2 066</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>11 450</td>
<td>15 364</td>
<td>16 896</td>
<td>11 328</td>
<td>13 056</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>16 500</td>
<td>14 432</td>
<td>16 098</td>
<td>12 631</td>
<td>16 398</td>
</tr>
<tr>
<td>Total current assets</td>
<td>34 028</td>
<td>42 153</td>
<td>38 727</td>
<td>34 099</td>
<td>31 770</td>
</tr>
<tr>
<td>Total assets</td>
<td>51 434</td>
<td>84 735</td>
<td>66 028</td>
<td>50 481</td>
<td>46 164</td>
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<tr>
<td>Total equity attributable to equity holders of the parent</td>
<td>27 484</td>
<td>53 911</td>
<td>39 713</td>
<td>32 968</td>
<td>27 355</td>
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<tr>
<td>Non-controlling interest</td>
<td>-</td>
<td>3 881</td>
<td>3 531</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total equity</td>
<td>27 484</td>
<td>57 792</td>
<td>43 244</td>
<td>32 968</td>
<td>27 355</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>14 852</td>
<td>24 805</td>
<td>19 653</td>
<td>12 794</td>
<td>8 502</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>9 098</td>
<td>1 314</td>
<td>1 595</td>
<td>3 262</td>
<td>5 514</td>
</tr>
<tr>
<td>Provisions</td>
<td>824</td>
<td>1 536</td>
<td>1 437</td>
<td>4 793</td>
<td>-</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>23 950</td>
<td>26 943</td>
<td>22 784</td>
<td>17 513</td>
<td>18 809</td>
</tr>
<tr>
<td>Total equity and liabilities</td>
<td>51 434</td>
<td>84 735</td>
<td>66 028</td>
<td>50 481</td>
<td>46 164</td>
</tr>
</tbody>
</table>

#### Consolidated statement of cash flows

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from operations</td>
<td>17 704</td>
<td>18 777</td>
<td>14 376</td>
<td>13 565</td>
<td>15 617</td>
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<tr>
<td>Net cash inflow from operating activities</td>
<td>12 315</td>
<td>10 772</td>
<td>9 019</td>
<td>2 576</td>
<td>3 487</td>
</tr>
<tr>
<td>Net cash (outflow)/inflow from investing activities</td>
<td>(8 516)</td>
<td>(11 173)</td>
<td>(1 495)</td>
<td>(2 146)</td>
<td>1 251</td>
</tr>
<tr>
<td>Net cash (outflow)/inflow from financing activities</td>
<td>(1 731)</td>
<td>(1 265)</td>
<td>(3 593)</td>
<td>(4 194)</td>
<td>4 623</td>
</tr>
<tr>
<td>Net increase/(decrease) in cash and cash equivalents</td>
<td>2 068</td>
<td>(1 666)</td>
<td>3 467</td>
<td>(3 764)</td>
<td>9 361</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>14 432</td>
<td>16 098</td>
<td>12 631</td>
<td>16 398</td>
<td>7 048</td>
</tr>
<tr>
<td>Effects of exchange rate translations on cash and cash equivalents</td>
<td>(3)</td>
<td>(11)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>16 500</td>
<td>14 432</td>
<td>16 098</td>
<td>12 631</td>
<td>16 398</td>
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</table>
Integrated performance indicators

<table>
<thead>
<tr>
<th>OBJECTIVE</th>
<th>F2011 (16 month) R'000</th>
<th>F2010 (12 month) R'000</th>
</tr>
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<tbody>
<tr>
<td><strong>Financial</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>121 042</td>
<td>106 508</td>
</tr>
<tr>
<td>Operating (loss)/ profit</td>
<td>(3 004)</td>
<td>21 679</td>
</tr>
<tr>
<td>Headline earnings per share</td>
<td>(25.36)*</td>
<td>39.74</td>
</tr>
<tr>
<td>Cash</td>
<td>16 500</td>
<td>14 432</td>
</tr>
<tr>
<td>Work in progress</td>
<td>(8 568)</td>
<td>5 343</td>
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<tr>
<td><strong>Economic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEE Score</td>
<td>74.04% (Level 4)</td>
<td>61.74% (Level 5)</td>
</tr>
<tr>
<td>Distribution to stakeholders</td>
<td>Refer to value added statement page 63</td>
<td>Refer to value added statement page 63</td>
</tr>
<tr>
<td><strong>Social</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BEE Enterprise Development</td>
<td>520 917</td>
<td>356 250</td>
</tr>
<tr>
<td>Broad based BEE Employees</td>
<td>25</td>
<td>18</td>
</tr>
<tr>
<td>Social Development Spend</td>
<td>176 774</td>
<td>61 340</td>
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<tr>
<td>Total Employees</td>
<td>115</td>
<td>144</td>
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<tr>
<td><strong>Environmental</strong></td>
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<tr>
<td>Paper usage (reams)</td>
<td>570</td>
<td>363</td>
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</table>

* Excludes fair value adjustment

"Identifying customer needs and meeting them with winning solutions…"

Consolidated value added statement

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<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value created</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Value created by operating activities</td>
<td>95 841</td>
<td>87 770</td>
</tr>
<tr>
<td>Revenue</td>
<td>121 042</td>
<td>106 508</td>
</tr>
<tr>
<td>Other income</td>
<td>1 074</td>
<td>1 223</td>
</tr>
<tr>
<td>Expenses</td>
<td>(26 623)</td>
<td>(20 454)</td>
</tr>
<tr>
<td>Finance income</td>
<td>348</td>
<td>493</td>
</tr>
<tr>
<td><strong>Value distributed</strong></td>
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<td></td>
</tr>
<tr>
<td>Distributed to employees</td>
<td>94 520</td>
<td>62 215</td>
</tr>
<tr>
<td>Salaries and other employee benefits</td>
<td>90 452</td>
<td>59 835</td>
</tr>
<tr>
<td>Pension and group life fund contribution</td>
<td>4 068</td>
<td>2 380</td>
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<tr>
<td><strong>Distributed to providers of finance</strong></td>
<td>1 734</td>
<td>-</td>
</tr>
<tr>
<td>Finance cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends</td>
<td>1 734</td>
<td>-</td>
</tr>
<tr>
<td><strong>Distributed to government</strong></td>
<td>4 299</td>
<td>5 538</td>
</tr>
<tr>
<td>South African current tax</td>
<td>3 799</td>
<td>5 075</td>
</tr>
<tr>
<td>Secondary tax on companies</td>
<td>500</td>
<td>463</td>
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<tr>
<td><strong>Value reinvested</strong></td>
<td></td>
<td></td>
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<tr>
<td>Depreciation and amortisation</td>
<td>3 977</td>
<td>3 383</td>
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<tr>
<td>Impairment losses</td>
<td>27 689</td>
<td>-</td>
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<tr>
<td>Fair value adjustment</td>
<td>(11 737)</td>
<td>-</td>
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<tr>
<td>South African deferred tax</td>
<td>1 357</td>
<td>474</td>
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<tr>
<td><strong>Value retained</strong></td>
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</tr>
<tr>
<td>Net profit after dividend</td>
<td>(25 998)</td>
<td>16 160</td>
</tr>
<tr>
<td>(26 516)</td>
<td>13 540</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>518</td>
<td>2 620</td>
</tr>
<tr>
<td><strong>Breakdown of expenses</strong></td>
<td></td>
<td></td>
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<tr>
<td>Impairment losses – trade receivables</td>
<td>619</td>
<td>-</td>
</tr>
<tr>
<td>Professional fees paid for services</td>
<td>6 671</td>
<td>8 045</td>
</tr>
<tr>
<td>Other expenses</td>
<td>19 333</td>
<td>12 409</td>
</tr>
<tr>
<td>Total</td>
<td>26 623</td>
<td>20 454</td>
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</tbody>
</table>
### Shareholder analysis

**Shareholder spread (Strate)**

<table>
<thead>
<tr>
<th>No. of shares</th>
<th>Percentage of shares</th>
<th>No. of shareholders</th>
<th>Percentage of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 1 000 Shares</td>
<td>27.92%</td>
<td>79</td>
<td>0.10%</td>
</tr>
<tr>
<td>1 001 – 10 000 Shares</td>
<td>23.67%</td>
<td>67</td>
<td>0.84%</td>
</tr>
<tr>
<td>10 001 – 100 000 Shares</td>
<td>11.66%</td>
<td>33</td>
<td>3.38%</td>
</tr>
<tr>
<td>100 001 – 500 000 Shares</td>
<td>4.59%</td>
<td>13</td>
<td>8.55%</td>
</tr>
<tr>
<td>500 001 – 1 000 000 Shares And Over</td>
<td>2.47%</td>
<td>7</td>
<td>46.70%</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>70.31%</strong></td>
<td><strong>199</strong></td>
<td><strong>59.57%</strong></td>
</tr>
</tbody>
</table>

**Shareholder spread (Certificated)**

<table>
<thead>
<tr>
<th>No. of shares</th>
<th>Percentage of shares</th>
<th>No. of shareholders</th>
<th>Percentage of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 1 000 Shares</td>
<td>15.90%</td>
<td>45</td>
<td>0.06%</td>
</tr>
<tr>
<td>1 001 – 10 000 Shares</td>
<td>11.31%</td>
<td>32</td>
<td>0.30%</td>
</tr>
<tr>
<td>10 001 – 100 000 Shares</td>
<td>1.77%</td>
<td>5</td>
<td>0.47%</td>
</tr>
<tr>
<td>100 001 – 500 000 Shares And Over</td>
<td>0.71%</td>
<td>2</td>
<td>39.60%</td>
</tr>
<tr>
<td><strong>Sub Total</strong></td>
<td><strong>29.69%</strong></td>
<td><strong>84</strong></td>
<td><strong>40.43%</strong></td>
</tr>
</tbody>
</table>

**Total**

<table>
<thead>
<tr>
<th>No. of shareholders</th>
<th>Percentage of shares</th>
<th>No. of shares</th>
<th>Percentage of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>283</td>
<td><strong>100.00%</strong></td>
<td><strong>34 781 472</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

**Public and non-public shareholders**

<table>
<thead>
<tr>
<th>at 30 June 2011</th>
<th>No. of shareholders</th>
<th>Percentage of shares</th>
<th>No. of shares</th>
<th>Percentage of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non – Public Shareholders</td>
<td>11</td>
<td>3.89%</td>
<td>26 398 647</td>
<td>75.90%</td>
</tr>
<tr>
<td>Public Shareholders</td>
<td>272</td>
<td>96.11%</td>
<td>8 382 825</td>
<td>24.10%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>283</strong></td>
<td><strong>100.00%</strong></td>
<td><strong>34 781 472</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

### Major Shareholders

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

**As at 30 June 2011**

<table>
<thead>
<tr>
<th>No. Of Shares</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cshell 448 (Proprietary) Limited *</td>
<td>11 519 457</td>
</tr>
<tr>
<td>Dusty Moon Investments 296 (Proprietary) Limited</td>
<td>2 346 000</td>
</tr>
<tr>
<td>Amabubesi Capital Information Technology (Proprietary) Limited</td>
<td>2 254 000</td>
</tr>
<tr>
<td>Total Of Amabubesi Capital (Proprietary) Limited</td>
<td>4 600 000</td>
</tr>
</tbody>
</table>

* Cshell 448 (Proprietary) Limited is 51% owned by Kagiso Tiso Holdings (Limited) and 49% by MMI Holdings (Limited)

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

### 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, are as follows:

**As at 30 June 2011**

<table>
<thead>
<tr>
<th>Beneficial</th>
<th>Beneficial</th>
<th>Beneficial</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 30 June 2011</td>
<td>Direct</td>
<td>Indirect</td>
</tr>
<tr>
<td>A Sangqu</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>J Swanepoel</td>
<td>7 445 115</td>
<td>–</td>
</tr>
<tr>
<td>J de Villiers</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>F du Toit*</td>
<td>2 877 004</td>
<td>–</td>
</tr>
<tr>
<td>N Mokone</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>T Murray</td>
<td>360 782</td>
<td>98 763</td>
</tr>
<tr>
<td>D Smollan*</td>
<td>1 638 134</td>
<td>–</td>
</tr>
<tr>
<td>J Maritz</td>
<td>132 875</td>
<td>–</td>
</tr>
<tr>
<td>S Sangweni**</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9 576 906</td>
<td>98 763</td>
</tr>
</tbody>
</table>

* Resigned 1 August 2009
** Alternate director to Mr. A Sangqu

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

**As at 28 February 2010**

<table>
<thead>
<tr>
<th>Beneficial</th>
<th>Beneficial</th>
<th>Beneficial</th>
</tr>
</thead>
<tbody>
<tr>
<td>As at 28 February 2010</td>
<td>Direct</td>
<td>Indirect</td>
</tr>
<tr>
<td>A Sangqu</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>J Swanepoel</td>
<td>7 907 004</td>
<td>–</td>
</tr>
<tr>
<td>J de Villiers</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>F du Toit*</td>
<td>2 877 004</td>
<td>–</td>
</tr>
<tr>
<td>N Mokone</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>T Murray</td>
<td>860 782</td>
<td>98 763</td>
</tr>
<tr>
<td>D Smollan</td>
<td>1 638 134</td>
<td>–</td>
</tr>
<tr>
<td>J Maritz</td>
<td>132 875</td>
<td>–</td>
</tr>
<tr>
<td>R Williams**</td>
<td>281 027</td>
<td>–</td>
</tr>
<tr>
<td>S Sangweni***</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>13 696 826</td>
<td>98 763</td>
</tr>
</tbody>
</table>

* Resigned 1 August 2009
** Resigned 20 January 2010
*** Alternate director to Mr. A Sangqu

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

"SilverBridge is proudly South African and our approach to empowerment and social upliftment is genuine." — Andile Sangqu
ASSURANCE

Introduction
Regarding the details below on the level of assurance on information included in the integrated report and annual financial statements: The audit and risk committee (ARC) ensures that a combined assurance model is applied to and provides a coordinated approach to all assurance activities. The level of assurance obtained in the integrated report was approved by the ARC and the ARC will continue to evaluate the level of assurance obtained taking into account the factors and risks identified that may impact on the integrity of the integrated report and regulatory requirements.

Financial information
Our consolidated annual financial statements were audited by our external auditors, KPMG Inc.

Non-financial information: Sustainability
No assurance was obtained on our sustainability measures. The ARC reviewed the disclosure of sustainability issues in the integrated report to ensure that it is reliable and does not conflict with the financial information and concluded that no additional external assurance are required on material sustainability issues.

Non-financial information: B-BBEE
The South African Broad-Based Black Economic Empowerment information was verified by Empowerlogic.

DIRECTORS’ RESPONSIBILITY STATEMENT

The board acknowledges its responsibility to ensure the integrity of the integrated report. The board has applied its mind to the integrated report and believes that it addresses all material issues and presents fairly the integrated performance of the organisation and its impacts. The integrated report as been prepared in line with best practice and the recommendations of the King III Code (Principle 9.1).

The integrated report was approved by the board on 7 September 2011 and is signed on its behalf:

Andile Sangqu
SilverBridge Chairman

Jaco Swanepoel
SilverBridge Chief Executive Officer

Jaco Maritz
SilverBridge Financial Director

ANNUAL FINANCIAL STATEMENTS

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Certification by company secretary
Audit and risk committee report
Independent auditors report
Directors’ report
Statement of comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the annual financial statement
Explanations of resolutions
Notice of annual general meeting
Form of proxy
Notes to the form of proxy
Investor factsheet
Election form
Corporate information

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Attached
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ANNUAL FINANCIAL STATEMENTS

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

for the 16 months ended 30 June 2011

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of SilverBridge Holdings Limited, comprising the statements of financial position at 30 June 2011, and the statements of comprehensive income, changes in equity and cash flows for the 16 months 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 the requirements of the Companies Act of South Africa.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company and its subsidiaries to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

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

Approval of consolidated and separate annual financial statements

The consolidated and separate annual financial statements of SilverBridge Holdings Limited, as identified in the first paragraph, were approved by the board of directors on 7 September 2011 and signed by

Jaco Swanepoel
CEO

Jaco Maritz
Financial director

CERTIFICATION BY COMPANY SECRETARY

In my capacity as Company Secretary, I hereby certify that the SilverBridge group has lodged with the Registrar of Companies all returns as required by a public company in terms of the Companies Act of South Africa, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

The Companies Act No. 71 of 2008, as amended came into operation on 1 May 2011.

The annual financial statements of the Company for the period ended 30 June 2011 have been prepared in accordance with the Companies Act of South Africa No. 61 of 1973.

Melinda Gous
Company Secretary

AUDIT AND RISK COMMITTEE (ARC) REPORT

Dear Shareholder,

We are pleased to present our report for the financial year ended 30 June 2011. This report, of the audit and risk committee, is presented to shareholders in compliance with the requirements of the Companies Act 2008 (No. 71 of 2008).

As detailed earlier in the report, the audit and risk committee act in accordance with approved terms of reference.

The independent external auditors and the designated advisors attend the meetings as standing invitees. J Swanepoel (CEO) and J Maritz (FD) attend the meetings by invitation.

In terms of the Companies Act 2008, (Act 71 of 2008), shareholders are required to elect the members of this committee at each annual general meeting. The appointment of J de Villiers, R Emslie and T Murray is subject to shareholders re-electing them as members of the committee at the annual general meeting, to be held on 19 October 2011 at 10h00.

Principle 3.2.1 of King III recommends that all members of the audit and risk committee be independent non-executive directors. Mr. T Murray, a non-executive director, also served on the audit and risk committee.

Member details of the committee members appear on page 18 to 19.

Fees paid to the committee members are detailed on page 126, and the proposed fees for 2012 are disclosed on page 138.

Meetings

The committee meets at least three times per annum. The chairman of the committee reports to the board after every audit and risk committee meeting held. Details of committee meeting attendance is available on page 47.

The committee’s role

The audit and risk committee is a statutory committee, outlined by the new Companies Act and the recommendations set out in King III. The audit and risk committee has an independent role, and is accountable to the board. The committee’s responsibilities include statutory duties prescribed by the Companies Act, activities recommended by King III, and responsibilities assigned by the board.

External auditor independence

The committee, under section 90 of the Companies Act, has to consider the independence of the external auditors, as well as nominate a registered auditor for appointment by the company. The committee is mandated to ensure that the appointment of the auditor complies with the provisions of the Companies act, and any other legislation relating to the appointment of auditors.

The committee was satisfied with the independence of the external auditors. It has recommended the reappointment of KPMG (Inc.) as the independent registered audit firm, and the individual registered auditor, Shaun van den Boogard. It was confirmed that the audit firm, and designated auditor, are accredited - appearing on the JSE list of accredited auditors.
ANNUAL FINANCIAL STATEMENTS

Fees paid to external auditors, and terms of engagement
The committee determines the fees to be paid to the auditor, as well as the auditor’s terms of engagement.

The approved, normal annual audit fee for the financial period under review amounted to R632 733. The committee authorised the fee, after a clearly defined scope was agreed upon by the company and the auditors. During the external audit evaluation process, the ARC considered various criteria including:

- audit planning
- technical abilities
- audit process and outputs
- quality control
- business insight
- independence and general factors

Non-Audit Services
The committee is to determine the nature and extent of any non-audit services that the auditor may provide to the company. There were no non-audit services approved or provided.

Evaluation of the annual financial statements
As part of its report to the board, the ARC commented on the financial statements, the accounting practices and the internal financial controls of the company. The committee stays abreast of current and emerging trends in accounting standards.

The committee confirms that they have reviewed and discussed the annual financial statements with the independent external auditors and financial director. The auditor has unrestricted access to the Group’s records and management. The auditor furnishes a written report to the committee on significant findings, arising from the annual audit and is able to raise matters of concern directly with the chairman of the committee. There were no limitations imposed on the scope of the external audit.

The committee has reviewed the consolidated and separate financial statements of the company, and is satisfied that they comply with International Financial Reporting Standards.

The committee did not receive any concerns or complaints, within or outside the company, relating to the accounting practices and internal audit of the company, the content or auditing of the company’s financial statements, the internal financial controls of the company, or any related matter.

After agreeing that the going concern premise was appropriate, the committee has recommended the adoption of the annual financial statements by the board at a board meeting to be held on 7 September 2011. These financial statements will be open for discussion at the forthcoming annual general meeting. The chairman of the committee, and in the instance of his absence, another member of the committee, will attend the annual general meeting to answer questions falling under the mandate of the committee.

Expertise and experience of the financial director and finance function
The audit committee has executed its responsibility in terms of paragraph 3.48(b) of the JSE Listings Requirements, and confirms that it is satisfied with the expertise and experience of the financial director, Mr J Maritz.

The committee is satisfied with the overall expertise and adequacy of resources in the finance function, as well as the experience of the senior members of management responsible for it.

Internal audit
The internal audit function is an integral part of the corporate governance regime. The primary goal of the internal audit is to evaluate the company’s risk management, internal control and corporate governance processes, and to ensure that they are adequate and functioning correctly. The position of the audit and risk committee was that the internal audit function would be performed by the Group finance department. The audit and risk committee however has taken a more prudent view on internal audit taking into account the recent developments of consolidating the Group structure and financial performance. An independent person was contracted to perform internal audit functions under control of the audit and risk committee chairman.

The board, as a whole, also considers internal controls. While considering the information and explanations given by management, as well as discussions held with the external auditor on audit results, the committee is of the opinion that the system of internal financial controls is effective, and forms a basis for the preparation of reliable financial statements.

Risk management
The board is responsible for the risk management process, whilst management is accountable to the board for designing, implementing and monitoring the process of risk management in the day-to-day activities of the group.

The committee has a duty to:

- Identify areas of governance non-compliance and propose remedial action
- Ensure compliance with legislation, regulation and governance codes, including King III
- Identify emerging areas of risk
- Review risk management policies and processes
- Ensure risk management is integrated into business operations
- Ensure management considers and implements appropriate risk responses
- Evaluate the basis and adequacy of insurance cover
- Ensure internal audit is aligned with risk management processes
- Identify emerging areas of risk
- Ensure compliance with legislation, regulation and governance codes, including King III
- Identify areas of governance non-compliance and propose remedial action

After considered the risk matrix, the committee has nothing material to report.

Approval of the audit and risk committee report
The committee confirms that it has functioned in accordance with its terms of reference for the 2011 financial period, and that its report to shareholders has been approved by the board.

J de Villiers
SilverBridge ARC Chairman
ANNUAL FINANCIAL STATEMENTS

INDEPENDENT AUDITOR’S REPORT
for the 16 months ended 30 June 2011

To the shareholders of SilverBridge Holdings Limited
We have audited the consolidated and separate annual financial statements of SilverBridge Holdings Limited, which comprise the statements of financial position at 30 June 2011, and the statements of comprehensive income, changes in equity and cash flows for the 16 months 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 73 to 131.

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 the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s 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 30 June 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the 16 months then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

KPMG Inc.
Registered Auditor
Per Shaun van den Boogaard
Chartered Accountant (SA)
Registered Auditor
Director
7 September 2011
KPMG Forum
1226 Schoeman Street,
Hatfield, 0083

DIRECTORS’ REPORT
for the 16 months ended 30 June 2011

The directors have pleasure in presenting the Group annual financial statements and the annual financial statements of SilverBridge Holdings Limited for the 16 months ended 30 June 2011.

1. Distinction between the Group and the Company
The annual financial statements for the 16 months ended 30 June 2011 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 SilverBridge Software Solutions (Pty) Ltd (SilverBridge Software Solutions).

2. Nature of the business
The Group comprises a group of companies providing business solutions to the financial services industry. The Group consists of SilverBridge Holdings Limited, SilverBridge Software Solutions previously SDT Software Solutions (Pty) Ltd operating specifically in the long term insurance market, Ones & Zeros, providing IT consulting services to the banking sector and Acczone, operating in the interest bearing debt receivables market. 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 Limited 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 on the JSE Securities Exchange 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 Black Economic Empowerment (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.
ANNUAL FINANCIAL STATEMENTS

DIRECTORS’ REPORT (Continued)
for the 16 months ended 30 June 2011

5. Share capital
The authorised share capital of the Company comprises 200 000 000 (2010: 200 000 000) ordinary shares of 1 cent per share.
The issued share capital of the Company comprises 34 781 472 (2010: 34 781 472) ordinary shares of 1 cent per share.

6. Holding Company and Group structure
SilverBridge is the ultimate legal holding company of SilverBridge Software Solutions owning 100% of its equity share capital, of Ones & Zeros owning 100% of its equity share capital and of Acczone owning 100% of its equity share capital.

7. Financial results for the period
The financial results of the Group and Company for the period under review are detailed in the annual financial statements.

8. Going concern
The directors have reviewed the Group’s budget and cash flow forecast for the year to 30 June 2012. 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 board approved a dividend payment to shareholders of 5 cents per share on 5 May 2010. No further dividend payments or capital distributions were approved.

10. Plant and equipment
Plant and equipment comprises computer hardware, computer software, office equipment, furniture and fittings, equipment (in the form of two generators) and motor 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 period under review.

11. Treasury shares
There are 106 240 (2010: 106 240) ordinary shares held by SilverBridge Software Solutions in SilverBridge.

12. Subsequent events
No events occurred subsequent to the period end that would require the financial statements to be adjusted.

13. Borrowing powers
The borrowing powers of directors are governed by section 46 and 47 of the Articles of Association of the Company. 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 Companies Act of all mortgages and charges specifically affecting the assets of the Group.
The Group did not have any borrowings during the period.

14. Directorate
The directors of the Company during the accounting period and up to the date of this report are summarised as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Designation</th>
<th>Appointment date</th>
<th>Resignation date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andile Sangqu</td>
<td>Non-executive Chairman</td>
<td>7 May 2007</td>
<td>-</td>
</tr>
<tr>
<td>Jaco Swanepoel</td>
<td>Chief Executive Officer</td>
<td>30 December 2005</td>
<td>-</td>
</tr>
<tr>
<td>Jeremy de Villiers</td>
<td>Independent Non-executive director</td>
<td>2 October 2008</td>
<td>-</td>
</tr>
<tr>
<td>Robert Emelie</td>
<td>Independent Non-executive director</td>
<td>17 January 2011</td>
<td>-</td>
</tr>
<tr>
<td>Sandra Duetsch</td>
<td>Non-executive director</td>
<td>24 July 2008</td>
<td>-</td>
</tr>
<tr>
<td>Dinga Madubela</td>
<td>Non-executive director</td>
<td>14 July 2010</td>
<td>-</td>
</tr>
<tr>
<td>Nthabiseng Melane</td>
<td>Non-executive director</td>
<td>23 April 2008</td>
<td>14 July 2010</td>
</tr>
<tr>
<td>Tyrel Murray</td>
<td>Non-executive director</td>
<td>25 February 2009</td>
<td>-</td>
</tr>
<tr>
<td>David Smalman</td>
<td>Non-executive director</td>
<td>30 December 2005</td>
<td>25 June 2010</td>
</tr>
<tr>
<td>Jaco Maritz</td>
<td>Financial director</td>
<td>6 November 2006</td>
<td>-</td>
</tr>
<tr>
<td>Sphelele Sengweni</td>
<td>Alternate director to Andile Sangqu</td>
<td>2 October 2008</td>
<td>-</td>
</tr>
</tbody>
</table>

All the directors are South African citizens.

15. Company Secretary
The Company Secretary is Fusion Corporate Secretarial Services (Proprietary) Limited, represented by Melinda Gous.
The business and postal addresses of the company secretary are as follows:

Business address: PO Box 11265
Highveld 0083

Postal address: PO Box 68528
Irene 0169

16. Auditors
The Group auditors are KPMG Incorporated, with Shaun van den Boogaard being the individual registered auditor.
The business and postal addresses of the auditors are as follows:

Business address: KPMG Forum
1226 Schoeman Street
Hatfield, 0083
Pretoria, Gauteng

Postal address: PO Box 11799
Ermanskloof 0048
Pretoria, Gauteng

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

Business address: First Floor Castle View North
495 Pricka Street
Ermanskloof 0048
Pretoria, Gauteng

Postal address: PO Box 11799
Ermanskloof 0048
## ANNUAL FINANCIAL STATEMENTS

### STATEMENTS OF COMPREHENSIVE INCOME

for the 16 months ended 30 June 2011

<table>
<thead>
<tr>
<th>Notes</th>
<th>Group 16 months ended 30 June 2011</th>
<th>Group 12 months ended 28 Feb 2010</th>
<th>Company 16 months ended 30 June 2011</th>
<th>Company 12 months ended 28 Feb 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>Revenue</td>
<td>8 121 042</td>
<td>106 508</td>
<td>5 674</td>
<td>1 376</td>
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<td>16 160</td>
<td>(26 785)</td>
<td>(2 183)</td>
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<td>(26 785)</td>
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### STATEMENT OF FINANCIAL POSITION

at 30 June 2011

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### EQUITY AND LIABILITIES

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<td>84 735</td>
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## ANNUAL FINANCIAL STATEMENTS

### STATEMENTS OF CHANGES IN EQUITY

**for the 16 months ended 30 June 2011**

<table>
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<tr>
<th>Attributable to equity holders of the Company</th>
<th>Share based payment reserve R'000</th>
<th>Retained earnings/(Accumulated loss) R'000</th>
<th>Total R'000</th>
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<td>551</td>
<td>551</td>
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<td>16 658</td>
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<td>– (2 724)</td>
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<tr>
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<td>348</td>
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<td>16 658</td>
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<td>348</td>
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<td>Transfer of reserve of share options that did not vest</td>
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### STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

**for the 16 months ended 30 June 2011**

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<tr>
<td>Total contributions by and distributions to owners</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>666</td>
<td>(1 067)</td>
<td>1 067</td>
<td></td>
</tr>
<tr>
<td>Transactions with owners</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>666</td>
<td>(1 067)</td>
<td>1 067</td>
<td></td>
</tr>
<tr>
<td>Balance at 30 June 2011</td>
<td>348</td>
<td>67 445</td>
<td>–</td>
<td>757</td>
<td>(38 022)</td>
<td>30 528</td>
<td>30 528</td>
<td></td>
</tr>
</tbody>
</table>
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the 16 months ended 30 June 2011

1. REPORTING ENTITY
SilverBridge is a company domiciled in the Republic of South Africa. The financial statements as at and for
the period ended 30 June 2011 comprise the financial statements of the Company as well as the financial
statements of the Company and its subsidiaries (together referred to as the “Group” and individually as
“Group entities”) and the Group’s interest in associates. The Group’s financial statements are a continuation
of SilverBridge Software Solutions’ 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 Change of financial year end
The Group changed its year end from 28 February to 30 June to be more closely aligned to the natural
selling and delivery cycles of the business and to facilitate more efficient planning and budgeting
processes. The Group is therefore reporting on its results for the 16 months ending 30 June 2011. The
comparative information is only for 12 months.

2.2 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 Companies Act of South
Africa, the AC 500 series as published by the Accounting Practices Board (APB), and the JSE Limited
Listings Requirements.

The financial statements were authorised for issue by the board of directors on 7 September 2011.

2.3 Basis of measurement
The financial statements have been prepared on a historical cost basis; except for non-derivative
financial instruments measured at amortised cost (see note 3.2.1).

2.4 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.

2.5 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.
2.5.1 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.

2.5.1.1 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, SilverBridge Software Solutions, Ones & Zeros and Acczone were identified as the smallest cash generating units within the Group that will generate cash inflows that are largely independent of the cash inflows of other assets or groups of assets (see note 14).

2.5.2 Estimation uncertainty
The key assumptions concerning the future and other key sources of estimation uncertainty at the period 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.

2.5.2.1 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.

2.5.2.2 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.

2.5.2.3 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.

2.5.2.4 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.

2.6 Offsetting
Assets and liabilities, and income and expenses are not offset in the Statement of Financial Position or Statement of Comprehensive Income unless specifically permitted by an accounting standard or an interpretation.
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the 16 months ended 30 June 2011

3.1.3 Associates (continued)
The Statement of Comprehensive Income reflects the share of the results of operations of the
associates. 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.

3.1.4 Transactions eliminated on consolidation
Intragroup balances and transactions, and any unrealised income and expenses arising from
intragroup 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 Financial instruments
3.2.1 Non-derivative financial assets
The Group has the following categories of non-derivative financial assets: loans and receivables.

Loans and receivables
The Group initially recognises loans and receivables on the date that they are originated.
Loans and receivables are financial assets with fixed or determinable payments that are not
quoted in an active market. Such assets are recognised initially at fair value plus any directly
attributable transaction costs. Subsequent to initial recognition loans and receivables are
measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables, and cash and cash equivalents.
Cash and cash equivalents comprise cash balances and short term deposits.

Accounting for finance income and expenses is discussed in note 3.10.

The Group derecognises a financial asset when the contractual rights to the cash flows from the
asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset
in a transaction in which substantially all the risks and rewards of ownership of the financial
asset are transferred. Any interest in transferred financial assets that is created or retained by the
Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial
position when, and only when, the Group has a legal right to offset the amounts and intends
either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.2.2 Non-derivative financial liabilities
The Group has the following non-derivative financial liabilities: trade and other payables.

The Group initially recognises its financial liabilities on the trade date at which the Group
becomes a party to the contractual provisions of the instrument. It is recognised initially at fair
value plus any directly attributable transaction cost. Subsequently to initial recognition, these
financial liabilities are measured at amortised cost using the effective interest method.
3.4 Intangible assets

3.4.1 Goodwill

Goodwill arises on the acquisition of subsidiaries and associates. 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 (bargain purchase), it is recognised immediately in profit and loss. 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.

3.4.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit and loss 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 profit or loss. 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 at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

3.4.3 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.

3.4.4 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 profit or loss as incurred.

3.4.5 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.
3.6 Employee benefits

3.6.1 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 profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

3.6.2 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.

3.7 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. The unwindings of the discount is recognised as finance cost.

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

The systems remain 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, configuration 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 profit or loss 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. Revenue is recognised at the date on which services are rendered. The following specific recognition criteria must also be met before revenue is recognised:

3.8.1 System rental and licensing fees
System rental and licensing fees represent the fees charged for the right of use of the applicable software systems. Rental fee revenue is based on either the number of users of the software or a percentage of the client’s premium income and is recognised on a monthly basis on the date of invoice. License fee revenue is recognised upfront on delivery of the software to the client.

3.8.2 Rendering of services
Revenue from the installation of software, configuration, 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 profit and loss.

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.

3.6.3 Share-based payment transactions
The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.
3.11 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of 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 for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

3.12 Earnings per share (EPS)

The Group presents basic, headline, diluted and diluted headline earnings per share 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 period.

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 period.

Diluted 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. Dilutive instruments represent shares to be issued for the balance of the purchase price for the acquisition of Acczone as well as shares to be issued if the share options for the employees incentive scheme.

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 diluted ordinary shares. Diluted instruments represent shares to be issued under the share based payment scheme as per note 3.6.5 and in the comparative period shares to be issued for the balance of the purchase price for the acquisition of Acczone. 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.

3.8.2 Rendering of services (continued)

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.

3.8.3 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.

3.8.4 Corporate management services

Corporate management services are charged to subsidiaries as per agreement.

SilverBridge Software Solutions: A management fee is charged based on 3% 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.

3.9 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 Statement of Financial Position.

Payments made under operating leases are recognised in profit or loss 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.

3.10 Finance income and costs

Finance income comprises interest income on bank balances, funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss 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 and unwinding of the discount on provisions. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.
3.15 New accounting pronouncements (continued)

<table>
<thead>
<tr>
<th>Standard/Interpretation</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>IAS 1 amendment</td>
<td>Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income</td>
</tr>
<tr>
<td>IAS 24 (AC 126) (revised) Related Party Disclosures</td>
<td>Annual periods beginning on or after 1 July 2012</td>
</tr>
<tr>
<td>IAS 27 Separate Financial Statements (2011)</td>
<td>Annual periods beginning on or after 1 January 2013</td>
</tr>
<tr>
<td>IAS 28 Investments in Associates and Joint Ventures (2011)</td>
<td>Annual periods beginning on or after 1 January 2013</td>
</tr>
<tr>
<td>IFRS 7 (AC 144) amendment Disclosures – Transfers of Financial Assets</td>
<td>Annual periods beginning on or after 1 July 2011</td>
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<tr>
<td>IFRS 9 (2009) (AC 146) Financial Instruments</td>
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<tr>
<td>IFRS 10 Consolidated Financial Statements</td>
<td>Annual periods beginning on or after 1 January 2013</td>
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<tr>
<td>IFRS 11 Joint Arrangements</td>
<td>Annual periods beginning on or after 1 January 2013</td>
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<tr>
<td>IFRS 12 Disclosure of Interests in Other Entities</td>
<td>Annual periods beginning on or after 1 January 2013</td>
</tr>
<tr>
<td>IFRS 13 Fair Value Measurement</td>
<td>Annual periods beginning on or after 1 January 2013</td>
</tr>
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</table>

IAS 1 (amendment): Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income

The amendment to IAS 1 will be adopted for the first time for the financial reporting period ending 30 June 2013.

The amendments:
- Require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss;
- Do not change the existing option to present profit or loss and other comprehensive income in two statements; and
- Change the title of the statement of comprehensive income to the statement of profit or loss and other comprehensive income. However, an entity is still allowed to use other titles.

The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard.

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

IAS 24 (AC 126) (revised) Related Party Disclosures

IAS 24 (AC 126) (revised) will be adopted for the first time for the financial reporting period ending 30 June 2012. The standard will be applied retrospectively.
3.15 New accounting pronouncements (continued)

IAS 24 (AC 126) [revised] addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party and disclosure requirements by government-related entities. The change in the definition of a related party may result in a number of new related party relationships being identified. The Group is in the process of identifying new related party relationships based on the revised definition.

IAS 27 (2011) Separate Financial Statements
IAS 27 (2011) will be adopted for the first time for the financial reporting period ending 30 June 2014. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

The adoption of IAS 27 (2011) will not have a significant impact on the company’s separate financial statements.

IAS 28 Investments in Associates and Joint Ventures (2011)
IAS 28 (2011) will be adopted for the first time for the financial reporting period ending 30 June 2014. IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting and disclosure requirements with limited amendments. These include:

• IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
• On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not re-measure the retained interest.

It will have no significant impact on the financial reporting of the Group or the Company.

IFRS 7 (AC 144) (amendment) Disclosures – Transfers of Financial Assets
The amendments to IFRS 7 (AC 144) will be adopted for the first time for the financial reporting period ending 30 June 2012. In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:

• Not derecognised in their entirety; and
• Derecognised in their entirety but for which it retains continuing involvement.

It will have no significant impact on the financial reporting of the Group or the Company.

IFRS 9 (2009) (AC 146) Financial Instruments
IFRS 9 (AC 146) will be adopted for the first time for the financial reporting period ending 30 June 2014. The standard will be applied retrospectively, subject to transitional provisions. IFRS 9 (AC 146) addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39 (AC 133). Under IFRS 9 (AC 146) there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

The impact on the financial statements has not yet been estimated.

IFRS 10 Consolidated Financial Statements
IFRS 10 will be adopted for the first time for the financial reporting period ending 30 June 2014. The standard will be applied retrospectively if there is a change in the control conclusion between IAS 27/ SIC 12 and IFRS 10. IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

• Assess whether the entity has power over the relevant activities by considering only the entity’s substantive rights;
• Assess whether the entity is exposed to variability in returns; and
• Assess whether the entity is able to use its power over the investee to affect returns for its own benefit.

Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change.

The impact on the financial statements has not yet been estimated.

IFRS 11 Joint Arrangements
IFRS 11 will be adopted for the first time for the financial reporting period ending 30 June 2014. The standard will be applied retrospectively, subject to certain transitional provisions. IFRS 11 establishes that classification of the joint arrangement depends on whether parties have rights to and obligations for the underlying assets and liabilities. According to IFRS 11, joint arrangements are divided into two types, each having its own accounting model.

• Joint operations whereby the jointly controlling parties, known as joint operators, have rights and obligations for the liabilities, relating to the arrangement; and
• Joint ventures whereby the joint controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

In terms of IFRS 11, all joint ventures will have to be equity accounted.

The impact on the financial statements has not yet been estimated.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 will be adopted for the first time for the financial reporting period ending 30 June 2014. IFRS 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements, as well as unconsolidated structured entities.

The required disclosures aim to provide information to enable user to evaluate:

• The nature of, and risks associated with, an entity’s interests in other entities; and
• The effects of those interests on the entity’s financial position, financial performance and cash flows.

The adoption of the new standard will increase the level of disclosure provided for the entity’s interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13 Fair Value Measurement
IFRS 13 will be adopted for the first time for the financial reporting period ending 30 June 2014. The standard will be applied prospectively and comparatives will not be restated. IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

• Fair value is an exit price;
• Measurement considers characteristics of the asset or liability and not entity-specific characteristics;
• Measurement assumes a transaction in the entity’s principle (or most advantageous) market between market participants;
• Price is not adjusted for transaction costs;
• Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs; and
• The three-level fair value hierarchy is extended to all fair value measurements.

The impact on the financial statements has not yet been estimated.
NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. 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 based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

4.1 Plant and equipment

The fair value of plant and equipment recognised as a result of a business combination are based on market values. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

4.2 Intangible assets

The fair value of intangible assets acquired in a business combination is based on the discounted cash flows expected to be derived from the use of the assets.

4.3 Trade and other receivables

The fair value of trade and other receivables, excluding work in progress is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

4.4 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4.5 Share-based payment transactions

The fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Financial risk management

Overview

The Group and Company have exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk; and
- Operational risk

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

Risk management framework

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

5. Financial risk management (continued)

The Group’s and Company’s risk management policies are established to identify and analyse the risks faced by the Group and Company, 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 and Company’s activities. The Group and Company, 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 and Company’s risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and Company.

Credit risk

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

Trade and other receivables

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

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

The Group and Company 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.

Liquidity risk

Liquidity risk is the risk that the Group or Company will not be able to meet its financial obligations as they fall due. The Group’s and Company’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 or Company’s reputation.

The Group and Company monitors its exposure to liquidity risk using projected cash flows from operations. The Group and Company 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 and Company’s exposure to liquidity risk is not material.

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 and Company’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.

Currency risk

The Group and Company is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group and Company. The Group only invoiced one client during the financial period in a currency other than the functional currency. This amounted to only 2% of the total revenue of the Group. The Group did not have any invoicing in a currency other than the functional currency. Due to the insignificance of such transactions, the Group and Company does not hedge any of its foreign currency exposures. The Group and Company also do not trade in foreign markets and accordingly, there is no material exposure to currency risk.
5. Financial risk management (continued)

Interest rate risk
The Group and Company have no significant exposure to credit risk as the Group and Company did not make use of any interest bearing borrowings.

Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group’s and Company’s processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior. Operational risks arise from all of the Group’s and Company’s operations.

The Group’s objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group’s and Company’s reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Group and Company standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Requirements for the reporting of operational losses and proposed remedial action;
- Development of contingency plans;
- Training and professional development;
- Ethical and business standards; and
- Risk mitigation, including insurance where this is effective.

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 and Company 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 and Company’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 and Company manage its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and Company 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 periods ended 30 June 2011 and 28 February 2010. The Group’s and Company’s policy is to obtain necessary capital through share capital or the generation of cash from operations. The Group and Company do not require debt financing for growth initiatives.

The Group’s expected cost of capital was determined as 18% and the Group’s expected return of projects differs between 20% and 25% depending on the risk of the project. During the current financial period the Group made a loss and therefore did not achieve the expected returns for reasons as fully explained throughout the integrated report.

6. Segment reporting

Group

Business segments
The Group has five reportable business segments, as described below, which are the Group’s strategic business units. The strategic business units offer different products and services and focus on different industries. For management purposes the Group is currently organised into five vertical business units, representing the main service offerings of the Group as follows:

- Consulting services – provide consultation to clients on IT systems;
- Implementation services – implementation of client-specific solutions;
- Support services – support offered as client-specific solution;
- Software rental fees and other license fees received for right of use of the system; and
- Research and development – develop and maintain the generic client solutions.

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.

Operating segments
The Group has three reportable operating segments, as described below, which are the Group’s strategic operating units. The strategic operating business units focus on different industries and requires different skills and knowledge of that specific industry. For each of the strategic operating units, the Group’s CEO reviews internal management reports on at monthly basis.

The following summary describes the operations in each of the Group’s reportable operating segments:

- Life insurance industry - through the legal subsidiary SilverBridge Software Solutions;
- Consulting - through the legal subsidiary Ones & Zeros;
- Loan administration industry - through the legal subsidiary Acczone.

Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group’s CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm’s length basis.

From the financial period ending 30 June 2012 the Group will not report on the operating segments anymore due to the Group transformation process and all business being consolidated into the SilverBridge operating company.
### 6.1 Business segments

#### Research and Software services

<table>
<thead>
<tr>
<th></th>
<th>Implementation services R'000</th>
<th>Support services R'000</th>
<th>Research and development R'000</th>
<th>Software rental and maintenance R'000</th>
<th>Consulting fees R'000</th>
<th>Total R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 Segment total revenue</td>
<td>42 344</td>
<td>24 158</td>
<td>–</td>
<td>39 309</td>
<td>20 442</td>
<td>126 253</td>
</tr>
<tr>
<td>Inter-Group revenue</td>
<td>(477)</td>
<td>–</td>
<td>–</td>
<td>(4 734)</td>
<td>(5 211)</td>
<td></td>
</tr>
<tr>
<td>Segment external revenue</td>
<td>41 867</td>
<td>24 158</td>
<td>–</td>
<td>39 309</td>
<td>15 708</td>
<td>121 042</td>
</tr>
<tr>
<td>Direct segment cost</td>
<td>(30 585)</td>
<td>(17 410)</td>
<td>(18 939)</td>
<td>–</td>
<td>(10 405)</td>
<td>(77 339)</td>
</tr>
<tr>
<td>Cost capitalised</td>
<td>–</td>
<td>–</td>
<td>5 797</td>
<td>–</td>
<td>–</td>
<td>5 797</td>
</tr>
<tr>
<td>Segment gross profit</td>
<td>11 282</td>
<td>6 748</td>
<td>(13 142)</td>
<td>39 309</td>
<td>5 303</td>
<td>49 500</td>
</tr>
<tr>
<td>Indirect segment cost</td>
<td>(16 486)</td>
<td>(9 384)</td>
<td>(10 208)</td>
<td>–</td>
<td>(5 008)</td>
<td>(54 891)</td>
</tr>
<tr>
<td>Segment result</td>
<td>(5 204)</td>
<td>(2 636)</td>
<td>(23 350)</td>
<td>39 309</td>
<td>7 814</td>
<td>(41 818)</td>
</tr>
<tr>
<td>Unallocated expenses *</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(3 004)</td>
</tr>
<tr>
<td>Operating loss</td>
<td>(1 819)</td>
<td>(1 819)</td>
<td>(4 719)</td>
<td>(10 911)</td>
<td>(8 421)</td>
<td>(27 689)</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>1 467</td>
<td>1 467</td>
<td>–</td>
<td>8 803</td>
<td>–</td>
<td>11 737</td>
</tr>
<tr>
<td>Fair value adjustment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance expense</td>
<td>(4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(4)</td>
</tr>
<tr>
<td>Share of loss in associate</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(4)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss for the period</td>
<td>(24 264)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Unallocated expenses relate to costs incurred at a corporate level.

### 6.2 Operating segments

#### Life insurance industry R'000

<table>
<thead>
<tr>
<th></th>
<th>Consulting fees R'000</th>
<th>Loans administrator industry R'000</th>
<th>Corporate office R'000</th>
<th>Total R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 Segment total revenue</td>
<td>103 516</td>
<td>19 940</td>
<td>2 797</td>
<td>126 253</td>
</tr>
<tr>
<td>Inter-Group revenue</td>
<td>(54)</td>
<td>(4 735)</td>
<td>(422)</td>
<td>(5 211)</td>
</tr>
<tr>
<td>Segment external revenue</td>
<td>103 462</td>
<td>15 205</td>
<td>2 375</td>
<td>121 042</td>
</tr>
<tr>
<td>Direct segment cost</td>
<td>(56 659)</td>
<td>(13 628)</td>
<td>(7 052)</td>
<td>(77 339)</td>
</tr>
<tr>
<td>Cost capitalised</td>
<td>1 751</td>
<td>–</td>
<td>–</td>
<td>1 751</td>
</tr>
<tr>
<td>Segment gross profit</td>
<td>48 554</td>
<td>1 577</td>
<td>(631)</td>
<td>49 500</td>
</tr>
<tr>
<td>Indirect segment cost</td>
<td>(33 271)</td>
<td>(4 352)</td>
<td>(4 063)</td>
<td>(32 687)</td>
</tr>
<tr>
<td>Segment result</td>
<td>15 283</td>
<td>(2 775)</td>
<td>(4 694)</td>
<td>(10 818)</td>
</tr>
<tr>
<td>Impairment loss</td>
<td>–</td>
<td>(421)</td>
<td>(19 268)</td>
<td>(23 689)</td>
</tr>
<tr>
<td>Fair value adjustment</td>
<td>–</td>
<td></td>
<td>11 737</td>
<td></td>
</tr>
<tr>
<td>Finance income</td>
<td>–</td>
<td></td>
<td>396</td>
<td></td>
</tr>
<tr>
<td>Finance expense</td>
<td>–</td>
<td></td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Share of loss in associate</td>
<td>–</td>
<td></td>
<td>–</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td>–</td>
<td></td>
<td>5 656</td>
<td></td>
</tr>
<tr>
<td>Loss for the period</td>
<td>(24 264)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Assets and liabilities

<table>
<thead>
<tr>
<th></th>
<th>Plant and equipment R'000</th>
<th>Intangible assets R'000</th>
<th>Investment in associate R'000</th>
<th>Deferred tax R'000</th>
<th>Income tax receivable R'000</th>
<th>Revenue recognised not yet invoiced R'000</th>
<th>Trade and other receivables R'000</th>
<th>Cash and cash equivalents R'000</th>
<th>Total assets R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011 Segment external revenue</td>
<td>39 326</td>
<td>12 667</td>
<td>2 797</td>
<td>106 508</td>
<td>4 071</td>
<td>5 797</td>
<td>106 508</td>
<td>14 850</td>
<td>121 350</td>
</tr>
<tr>
<td>Direct segment cost</td>
<td>(19 856)</td>
<td>(7 414)</td>
<td>(9 208)</td>
<td>(18 513)</td>
<td>(5 008)</td>
<td>(54 891)</td>
<td>(54 891)</td>
<td>(54 891)</td>
<td>(54 891)</td>
</tr>
<tr>
<td>Cost capitalised</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Segment gross profit</td>
<td>11 282</td>
<td>6 748</td>
<td>(13 142)</td>
<td>39 309</td>
<td>5 303</td>
<td>49 500</td>
<td>49 500</td>
<td>(54 891)</td>
<td>(54 891)</td>
</tr>
<tr>
<td>Indirect segment cost</td>
<td>(16 486)</td>
<td>(9 384)</td>
<td>(10 208)</td>
<td>–</td>
<td>(5 008)</td>
<td>(54 891)</td>
<td>(54 891)</td>
<td>(54 891)</td>
<td>(54 891)</td>
</tr>
<tr>
<td>Segment result</td>
<td>(5 204)</td>
<td>(2 636)</td>
<td>(23 350)</td>
<td>39 309</td>
<td>7 814</td>
<td>(41 818)</td>
<td>(41 818)</td>
<td>(54 891)</td>
<td>(54 891)</td>
</tr>
<tr>
<td>Unallocated expenses *</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Operating profit</td>
<td>1 467</td>
<td>1 467</td>
<td>–</td>
<td>8 803</td>
<td>–</td>
<td>11 737</td>
<td>11 737</td>
<td>–</td>
<td>11 737</td>
</tr>
<tr>
<td>Finance income</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Finance expense</td>
<td>(4)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Share of loss in associate</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loss for the period</td>
<td>(24 264)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

* Unallocated expenses relate to costs incurred at a corporate level.

#### Company information

Company information has not been presented as the Company does not have any business segments.
7. BUSINESS COMBINATIONS

7.1 Reverse acquisition of SilverBridge Holdings Limited

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

The above business combination constitutes a reverse acquisition in terms of IFRS 3: Business Combinations, and is capitalised with Annexure B of IFRS 3. The cost of the business combination is determined as the difference between the consideration paid by SilverBridge Holdings and the net assets of SilverBridge Software Solutions acquired.

7.2 Acquisition of Ones & Zeros

The Group acquired the remaining 49% from the minority shareholders in the current financial period as part of integrating the operations of SilverBridge for an amount of R2.550 million which will be fully settled in cash. R600 000 of the R2.550 was already settled within the financial period ended 30 June 2011 and the remaining R1.950 million will be settled in October 2011.

7.3 Acquisition of Acczone Systems (Pty) Ltd

Acczone, a wholly owned subsidiary of SilverBridge, acquired on 7 December 2009, the businesses of Grayston Technology Investments (Proprietary) Limited and Grayston Technologies (Proprietary) Limited, comprising of certain selected assets. These companies are in the business of providing interest bearing receivables and payables software for midmarket and enterprise organisations.

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

<table>
<thead>
<tr>
<th>Pre-acquisition carrying amounts</th>
<th>Fair value adjustments</th>
<th>Recognised values on acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intangible assets</td>
<td>–</td>
<td>794</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>–</td>
<td>(222)</td>
</tr>
<tr>
<td>Net identifiable assets and liabilities</td>
<td>–</td>
<td>572</td>
</tr>
<tr>
<td>Goodwill on acquisition</td>
<td>–</td>
<td>14 196</td>
</tr>
</tbody>
</table>

Cost of business combination

- The settlement structure of the transaction is tabled below:  
  - Purchase price on acquisition date
  - Amount already settled
  - First tranche paid in cash on acquisition date
  - Amounts still to be settled
  - Shares to be issued (3 842 320 at R1.70 per share) *  
  - Cash payment

Total payments

Reconciliation between cost of business combination and total payments:

- Total payments
  - Effect due to time value of money recognised as notional interest in the current period
  - Effect due to time value of money to be recognised as notional interest in the next period

Cost of business combination

- R1.70 represents the share price at date of acquisition. It is the accounting policy of the Group to use the share price on date of acquisition to account for business combinations. As a result no fair value adjustment is made on the date of the share issue for the movement in the share price.
- Pre-acquisition carrying amounts were determined based on applicable IFRS immediately before the acquisition. In determining the fair value of current contracts acquired, the Group applied a pre-tax discount rate of 18%.
- The goodwill recognised on the acquisition was attributable mainly to the synergies expected to be achieved from integrating the company into the Group’s existing business.
- A loss of R505 009 generated by Acczone was included in the consolidated Statement of Comprehensive Income for the three months post acquisition in the 2010 financial year.
- Based on the current cash flow projections and the current market conditions the goodwill was fully impaired (see note 15)
### ANNUAL FINANCIAL STATEMENTS

#### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the 16 months ended 30 June 2011

<table>
<thead>
<tr>
<th></th>
<th>Group 2011</th>
<th></th>
<th>Company 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
<td>R'000</td>
</tr>
<tr>
<td>8. REVENUE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue comprises:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation services rendered</td>
<td>40 487</td>
<td>39 211</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Support services rendered</td>
<td>24 247</td>
<td>12 667</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Software rental and license fees</td>
<td>40 600</td>
<td>29 999</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Consulting services rendered</td>
<td>15 708</td>
<td>31 931</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Corporate management services</td>
<td>–</td>
<td>–</td>
<td>5 674</td>
<td>1 376</td>
</tr>
<tr>
<td></td>
<td>121 042</td>
<td>106 508</td>
<td>5 674</td>
<td>1 376</td>
</tr>
<tr>
<td>9. OTHER INCOME AND EXPENSES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.1 Other income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other operating income *</td>
<td>1 074</td>
<td>1 223</td>
<td>–</td>
<td>445</td>
</tr>
<tr>
<td></td>
<td>1 074</td>
<td>1 223</td>
<td>–</td>
<td>445</td>
</tr>
<tr>
<td>9.2 Personnel expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>(74 721)</td>
<td>(46 153)</td>
<td>(471)</td>
<td>(787)</td>
</tr>
<tr>
<td>Equity-settled share based payment transactions (See note 30)</td>
<td>(689)</td>
<td>(91)</td>
<td>(151)</td>
<td>(34)</td>
</tr>
<tr>
<td>Contributions to the pension fund (See note 25)</td>
<td>(4 068)</td>
<td>(2 380)</td>
<td>–</td>
<td>(88)</td>
</tr>
<tr>
<td>Directors’ remuneration and benefits (See note 28)</td>
<td>(15 042)</td>
<td>(13 591)</td>
<td>(4 155)</td>
<td>(3 735)</td>
</tr>
<tr>
<td></td>
<td>(94 520)</td>
<td>(62 215)</td>
<td>(4 777)</td>
<td>(4 644)</td>
</tr>
<tr>
<td>9.3 Depreciation and amortisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>(1 877)</td>
<td>(1 058)</td>
<td>(14)</td>
<td>(7)</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>(2 100)</td>
<td>(2 325)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(3 977)</td>
<td>(3 383)</td>
<td>(14)</td>
<td>(7)</td>
</tr>
<tr>
<td>9.4 Professional fees paid for services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fees paid to auditors</td>
<td>(837)</td>
<td>(640)</td>
<td>(368)</td>
<td>(379)</td>
</tr>
<tr>
<td>– Audit fees</td>
<td>(837)</td>
<td>(640)</td>
<td>(368)</td>
<td>(379)</td>
</tr>
<tr>
<td>– Other services</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Professional services*</td>
<td>(3 636)</td>
<td>(5 180)</td>
<td>(2 928)</td>
<td>(893)</td>
</tr>
<tr>
<td>Managerial services</td>
<td>(463)</td>
<td>(80)</td>
<td>–</td>
<td>(199)</td>
</tr>
<tr>
<td>Recruitment and human resource services</td>
<td>(622)</td>
<td>(1 190)</td>
<td>(257)</td>
<td>(220)</td>
</tr>
<tr>
<td>Legal fees</td>
<td>(95)</td>
<td>(83)</td>
<td>(95)</td>
<td>(83)</td>
</tr>
<tr>
<td>Secretarial services</td>
<td>(78)</td>
<td>(469)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Outsourced IT function</td>
<td>(3 405)</td>
<td>(3 693)</td>
<td>(1 774)</td>
<td>(1 774)</td>
</tr>
</tbody>
</table>

* Professional fees include services being rendered by external consultants and advisors.
## 12. Taxation

### 12.1 Current tax expense

- **South African normal taxation**
  - Current period: (3 799) R’000
  - Adjusted in respect of previous years: 247 R’000

- **Secondary tax on companies (STC)**
  - (247) R’000

- **Deferred tax**
  - Relating to origination and reversal of temporary differences:
    - (1 347) R’000
    - (92) R’000
  - Adjustment in respect of previous years:
    - Recognition of secondary tax on companies credits: 82 R’000

- **Adjustment in respect of previous years**
  - Non-taxable income: 25.39%
  - Over-provision tax in prior years: 0.50%
  - Recognition of secondary tax on companies credits: 34.7%

- **Effective tax rate**
  - 30.40%

### 12.2 Reconciliation of effective rate of taxation

- **South African normal tax rate**
  - (28.00) %

- **Adjusted for**
  - Associate loss/(profit) for the period: 0.05%
  - Non-deductible expenses: 25.39%
  - Non-taxable income: 1.31%
  - Secondary tax on companies: 2.69%
  - Recognition of secondary tax on companies credits: (0.44)
  - Deferred tax asset not recognised: 31.52%
  - Over-provision tax in prior years: 0.50%

- **Effective tax rate**
  - (30.40)%

## 13. Earnings per share

### 13.1 Basic earnings per ordinary share

Basic earnings per ordinary share is calculated by dividing the (loss)/earnings attributable to ordinary equity holders of the parent, of (R24.8) million (2010: R13.5 million) by the weighted average number of ordinary shares outstanding during the period of 34.7 million (2010: 34.0 million).

<table>
<thead>
<tr>
<th>Year</th>
<th>Shares in issue at the beginning of the period</th>
<th>Shares issued during the period</th>
<th>Shares held in treasury</th>
<th>Shares in issue at the end of the period</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>33 588</td>
<td>6 352</td>
<td>13 540</td>
<td>27 689</td>
</tr>
<tr>
<td>2010</td>
<td>34 034</td>
<td>466</td>
<td>92</td>
<td>34 675</td>
</tr>
</tbody>
</table>

---

### 13.2 Headline earnings per ordinary share

Headline earnings per ordinary share is calculated by dividing the headline (loss)/earnings attributable to ordinary equity holders of the parent of R2.9 million (2010: R13.5 million) by the weighted average number of ordinary shares outstanding during the period of 34.7 million (2010: 34.0 million).

<table>
<thead>
<tr>
<th>Year</th>
<th>Weighted average number of shares in issue</th>
<th>Headline earnings in R’000</th>
<th>Headline earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>34 675</td>
<td>(2 943)</td>
<td>(82.09)</td>
</tr>
<tr>
<td>2010</td>
<td>34 034</td>
<td>27 689</td>
<td>8.49</td>
</tr>
</tbody>
</table>

---

### 13.3 Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by dividing the diluted (loss)/earnings attributable to ordinary equity holders of the parent of (R24.8) million (2010: R13.1 million) by the diluted average number of ordinary shares of 37.8 million (2010: 40.4 million).

<table>
<thead>
<tr>
<th>Year</th>
<th>Weighted average number of shares in issue</th>
<th>Diluted earnings in R’000</th>
<th>Diluted earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>34 675</td>
<td>(13 059)</td>
<td>(32.37)</td>
</tr>
<tr>
<td>2010</td>
<td>34 034</td>
<td>27 689</td>
<td>8.49</td>
</tr>
</tbody>
</table>

---

### 13.4 Diluted Headline earnings per ordinary share

Diluted headline earnings per ordinary share is calculated by dividing the diluted headline (loss)/earnings attributable to ordinary equity holders of the parent of R2.9 million (2010: R13.1 million) by the weighted average number of ordinary shares outstanding during the period of 34.7 million (2010: 34.0 million).

<table>
<thead>
<tr>
<th>Year</th>
<th>Weighted average number of shares in issue</th>
<th>Diluted headline earnings in R’000</th>
<th>Diluted headline earnings per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>34 675</td>
<td>(2 943)</td>
<td>(8.49)</td>
</tr>
<tr>
<td>2010</td>
<td>34 034</td>
<td>27 689</td>
<td>8.49</td>
</tr>
</tbody>
</table>
## 14. PLANT AND EQUIPMENT

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

<table>
<thead>
<tr>
<th></th>
<th>Computer hardware</th>
<th>Computer software</th>
<th>Office equipment and fittings</th>
<th>Motor vehicles</th>
<th>Plant improvements</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 March 2009</td>
<td>4 244</td>
<td>1 731</td>
<td>676</td>
<td>1 139</td>
<td>70</td>
<td>209</td>
</tr>
<tr>
<td>Additions</td>
<td>1 478</td>
<td>101</td>
<td>35</td>
<td>120</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Disposals</td>
<td>(80)</td>
<td>–</td>
<td>(726)</td>
<td>(45)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 28 February 2010</strong></td>
<td>5 642</td>
<td>1 832</td>
<td>711</td>
<td>533</td>
<td>25</td>
<td>209</td>
</tr>
<tr>
<td>Additions</td>
<td>825</td>
<td>300</td>
<td>57</td>
<td>190</td>
<td>184</td>
<td>–</td>
</tr>
<tr>
<td>Disposals</td>
<td>(55)</td>
<td>–</td>
<td>(98)</td>
<td>(25)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>6 412</td>
<td>2 132</td>
<td>768</td>
<td>625</td>
<td>184</td>
<td>209</td>
</tr>
</tbody>
</table>

### Accumulated depreciation and impairment

<table>
<thead>
<tr>
<th></th>
<th>Computer hardware</th>
<th>Computer software</th>
<th>Office equipment and fittings</th>
<th>Motor vehicles</th>
<th>Plant improvements</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accumulated depreciation and impairment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 March 2009</td>
<td>3 520</td>
<td>1 637</td>
<td>295</td>
<td>848</td>
<td>70</td>
<td>56</td>
</tr>
<tr>
<td>Depreciation for the period</td>
<td>722</td>
<td>105</td>
<td>105</td>
<td>74</td>
<td>–</td>
<td>52</td>
</tr>
<tr>
<td>Disposals</td>
<td>(26)</td>
<td>–</td>
<td>(690)</td>
<td>(45)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 28 February 2010</strong></td>
<td>4 216</td>
<td>1 742</td>
<td>400</td>
<td>232</td>
<td>25</td>
<td>108</td>
</tr>
<tr>
<td>Depreciation for the period</td>
<td>1 118</td>
<td>200</td>
<td>139</td>
<td>136</td>
<td>18</td>
<td>70</td>
</tr>
<tr>
<td>Disposals</td>
<td>(39)</td>
<td>–</td>
<td>(23)</td>
<td>(25)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>5 295</td>
<td>1 942</td>
<td>539</td>
<td>345</td>
<td>18</td>
<td>178</td>
</tr>
</tbody>
</table>

### Carrying amounts

<table>
<thead>
<tr>
<th></th>
<th>Computer hardware</th>
<th>Computer software</th>
<th>Office equipment and fittings</th>
<th>Motor vehicles</th>
<th>Plant improvements</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carrying amounts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 March 2009</td>
<td>724</td>
<td>94</td>
<td>381</td>
<td>291</td>
<td>–</td>
<td>153</td>
</tr>
<tr>
<td>At 28 February 2010</td>
<td>1 426</td>
<td>90</td>
<td>311</td>
<td>301</td>
<td>–</td>
<td>101</td>
</tr>
<tr>
<td>At 30 June 2011</td>
<td>1 117</td>
<td>190</td>
<td>229</td>
<td>280</td>
<td>166</td>
<td>31</td>
</tr>
</tbody>
</table>

### Company

<table>
<thead>
<tr>
<th></th>
<th>Computer hardware</th>
<th>Computer software</th>
<th>Furniture and fittings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 March 2009</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Additions</td>
<td>–</td>
<td>17</td>
<td>–</td>
<td>17</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 28 February 2010</strong></td>
<td>–</td>
<td>17</td>
<td>–</td>
<td>17</td>
</tr>
<tr>
<td>Additions</td>
<td>4</td>
<td>–</td>
<td>55</td>
<td>59</td>
</tr>
<tr>
<td>Disposals</td>
<td>(4)</td>
<td>(17)</td>
<td>(55)</td>
<td>(76)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Accumulated depreciation and impairment

<table>
<thead>
<tr>
<th></th>
<th>Computer hardware</th>
<th>Computer software</th>
<th>Furniture and fittings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accumulated depreciation and impairment</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 March 2009</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Depreciation for the period</td>
<td>–</td>
<td>7</td>
<td>–</td>
<td>7</td>
</tr>
<tr>
<td>Disposals</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balance at 28 February 2010</strong></td>
<td>–</td>
<td>7</td>
<td>–</td>
<td>7</td>
</tr>
<tr>
<td>Depreciation for the period</td>
<td>1</td>
<td>8</td>
<td>5</td>
<td>14</td>
</tr>
<tr>
<td>Disposals</td>
<td>(1)</td>
<td>(15)</td>
<td>(5)</td>
<td>(21)</td>
</tr>
<tr>
<td><strong>Balance at 30 June 2011</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

### Carrying amounts

<table>
<thead>
<tr>
<th></th>
<th>Computer hardware</th>
<th>Computer software</th>
<th>Furniture and fittings</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Carrying amounts</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 March 2009</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>At 28 February 2010</td>
<td>–</td>
<td>10</td>
<td>–</td>
<td>10</td>
</tr>
<tr>
<td>At 30 June 2011</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>
### ANNUAL FINANCIAL STATEMENTS

#### 15. INTANGIBLE ASSETS

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

<table>
<thead>
<tr>
<th>Group</th>
<th>Goodwill R’000</th>
<th>Contracts capitalised in acquisitions R’000</th>
<th>Exergy software and complementary products R’000</th>
<th>Net Development R’000</th>
<th>Total R’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 March 2009</td>
<td>16 641</td>
<td>2 845</td>
<td>5 869</td>
<td>–</td>
<td>25 355</td>
</tr>
<tr>
<td>Arising in acquisition of Acczone</td>
<td>14 196</td>
<td>794</td>
<td>–</td>
<td>–</td>
<td>14 990</td>
</tr>
<tr>
<td>Change in estimate relating to ones &amp; zeros acquisition</td>
<td>(43)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(43)</td>
</tr>
<tr>
<td>Development costs capitalized</td>
<td>–</td>
<td>2 099</td>
<td>660</td>
<td>2 759</td>
<td></td>
</tr>
<tr>
<td>Balance at 28 February 2010</td>
<td>30 794</td>
<td>3 639</td>
<td>7 968</td>
<td>660</td>
<td>43 061</td>
</tr>
<tr>
<td>Impairment of Goodwill from Acczone acquisition - original amount incurred</td>
<td>(2 459)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(2 459)</td>
</tr>
<tr>
<td>Impairment of Goodwill from Acczone – additional amount as per original estimate</td>
<td>(11 737)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(11 737)</td>
</tr>
<tr>
<td>Impairment of goodwill from ONZ acquisition</td>
<td>(8 421)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(8 421)</td>
</tr>
<tr>
<td>Impairment of contracts capitalised on Acczone acquisition</td>
<td>– (353)</td>
<td>–</td>
<td>1 738</td>
<td>4 059</td>
<td>5 797</td>
</tr>
<tr>
<td>Development costs capitalised</td>
<td>–</td>
<td>–</td>
<td>1 738</td>
<td>4 059</td>
<td>5 797</td>
</tr>
<tr>
<td>Impairment of development cost capitalised</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(4 719)</td>
<td>(4 719)</td>
</tr>
<tr>
<td>Balance at 30 June 2011</td>
<td>8 177</td>
<td>3 286</td>
<td>9 706</td>
<td>–</td>
<td>21 169</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at 1 March 2009</td>
<td>–</td>
<td>1 232</td>
<td>1 410</td>
<td>–</td>
<td>2 642</td>
</tr>
<tr>
<td>Amortisation for the period</td>
<td>–</td>
<td>1 701</td>
<td>623</td>
<td>–</td>
<td>2 324</td>
</tr>
<tr>
<td>Balance at 28 February 2010</td>
<td>–</td>
<td>2 933</td>
<td>2 033</td>
<td>–</td>
<td>4 966</td>
</tr>
<tr>
<td>Amortisation for the period</td>
<td>–</td>
<td>353</td>
<td>1 747</td>
<td>–</td>
<td>2 100</td>
</tr>
<tr>
<td>Balance at 30 June 2011</td>
<td>–</td>
<td>3 286</td>
<td>3 780</td>
<td>–</td>
<td>7 066</td>
</tr>
<tr>
<td>Carrying amount</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 March 2009</td>
<td>16 641</td>
<td>1 613</td>
<td>4 459</td>
<td>–</td>
<td>22 713</td>
</tr>
<tr>
<td>At 28 February 2010</td>
<td>30 794</td>
<td>706</td>
<td>5 935</td>
<td>660</td>
<td>38 095</td>
</tr>
<tr>
<td>At 30 June 2011</td>
<td>8 177</td>
<td>–</td>
<td>5 926</td>
<td>–</td>
<td>14 103</td>
</tr>
</tbody>
</table>

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

#### 15.2 Impairment testing of goodwill (continued)

Goodwill, based on an estimated purchase price consideration, of R14.196 million acquired by the Group through the acquisition of Acczone was allocated to Acczone, being the smallest cash generating unit which will benefit from the acquisition. The performance of the business subsequent to the acquisition indicated that the profit after tax will be substantially lower than the original projections for purposes of determining the cost of the acquisition and the actual purchase price paid. An adjustment of R11.737 was therefore made for the purchase price liability to be in line with the actual purchase price consideration. The remaining goodwill of R2.459 million based on actual cost incurred as well as the R11.737 excess on the estimate were subsequently fully impaired during the current financial period based on the current cash flow projections, the current market conditions and the integration of this business unit into SilverBridge operating company.

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

- **Budgeted net profits** – The budgeted net profit as approved by the board of directors, was adjusted for non-cash flow items for the 2012 financial year. The profits were then increased for expected efficiency improvements for the future years.
- **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:
  - The benefits derived from the existing, well established client base of both companies;
  - The reputational stability and reliability of both companies;
  - The access to capital for implementation of the various strategies of the Group provided by the listed status of the Group; and
  - 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 complementary Exergy products 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 18%.

##### 15.3.3 Software tools

Software tools represent a combination of tools developed in-house, that automate programming and software development functions, which are owned in full. 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.
16. INVESTMENTS IN SUBSIDIARIES

16.1 Unlisted investments

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares in SilverBridge Software Solutions</td>
<td>-</td>
<td>-</td>
<td>50 981</td>
<td>50 981</td>
</tr>
<tr>
<td>Shares in Ones &amp; Zeros</td>
<td>-</td>
<td>-</td>
<td>14 815</td>
<td>12 255</td>
</tr>
<tr>
<td>Dividend received from pre-acquisition reserve</td>
<td>-</td>
<td>-</td>
<td>(1 402)</td>
<td>(1 402)</td>
</tr>
<tr>
<td>Impairment of investment in Ones &amp; Zeros</td>
<td>-</td>
<td>-</td>
<td>(13 413)</td>
<td>-</td>
</tr>
<tr>
<td>Shares in Acczone</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution to subsidiaries relating to share options granted</td>
<td>-</td>
<td>-</td>
<td>569</td>
<td>56</td>
</tr>
<tr>
<td>Impairment of loan</td>
<td>-</td>
<td>-</td>
<td>(7 271)</td>
<td>-</td>
</tr>
<tr>
<td>* A R100 investment existed at period end (2010: R100) which represents a 100% investment in the share capital of Acczone. The directors assessed the valuations of the investments in subsidiaries and are of the opinion that the above values are of a fair representation of the value of the unlisted investments.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

16.2 Shares in SilverBridge Software Solutions

See note 27: Related parties, for details regarding the investment. SilverBridge Software Solutions is incorporated in the Republic of South Africa. The Company owns 100% (2010: 100%) of the equity interest in SilverBridge Software Solutions.

16.3 Shares in Ones & Zeros

See note 27: Related parties, for details regarding the investment in Ones & Zeros. Ones & Zeros is incorporated in the Republic of South Africa. The Company owns 100% (2010: 81%) of the equity interest in Ones & Zeros.

16.4 Shares in Acczone

See note 27: Related parties, for details regarding the investment in Acczone. Acczone is incorporated in the Republic of South Africa. The Company owns 100% (2010: 100%) of the equity interest in Acczone.

17. INVESTMENT IN ASSOCIATE

17.1 Unlisted

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silburn Drake Staff Connection (Proprietary) Limited (“SDSC”)</td>
<td>-</td>
<td>-</td>
<td>110</td>
<td>101</td>
</tr>
<tr>
<td>Shares at cost</td>
<td>-</td>
<td>-</td>
<td>(34)</td>
<td>9</td>
</tr>
<tr>
<td>Post acquisition earnings transferred from equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share of (loss)/profit in associate for the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity accounted investment in associate</td>
<td>76</td>
<td>110</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Directors’ valuation of unlisted share investments</td>
<td>76</td>
<td>110</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>* The Group owns 25% (2010: 25%) of the issued share capital of SDSC.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17.2 Summary of the associate's financial position and financial results

<table>
<thead>
<tr>
<th></th>
<th>Group</th>
<th>Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>564</td>
<td>796</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>116</td>
<td>59</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>(379)</td>
<td>(395)</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>-</td>
<td>(20)</td>
</tr>
<tr>
<td>Net assets</td>
<td>301</td>
<td>440</td>
</tr>
<tr>
<td>Associate’s revenue and profits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Revenue</td>
<td>1 021</td>
<td>2 388</td>
</tr>
<tr>
<td>Group’s proportion of (loss)/profit for the period</td>
<td>(34)</td>
<td>9</td>
</tr>
</tbody>
</table>

The associate’s presented results had not yet been audited by the date of approval of this report.
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the 16 months ended 30 June 2011

ANNUAL FINANCIAL STATEMENTS

18. DEFERRED TAX ASSETS AND LIABILITIES**

18.1 Composition of deferred tax

- Deferred tax assets
  - Estimated tax losses* 3 190
  - Provision for impairment on trade receivables 63
  - Income received in advance 114
  - Leave accrual 581
  - Withholding tax rebate provision 1 343
  - Plant and equipment 10
  - Recognition of STC credits 376
  - Deferred revenue 2 547

- Deferred tax liability
  - Recognition of deferred liability on acquisition 222
  - Capitalisation of intangible assets 1 659
  - Withholding tax rebate provision 1 864
  - Plant and equipment 1 656
  - Revenue recognised not yet invoiced 148
  - Contract expenses 2 038
  - Pre-payments 21

Balance at the end of the period 4 658

Deferred tax assets

Net deferred tax asset 792

18.2 Reconciliation of movements on deferred tax assets

- Balance at the beginning of the period 6 111
- Temporary differences recognised through profit or loss (1 453)

Estimated tax losses (3 190) 2 004

Recognition of STC credits (376) 376

Specific impairment on trade receivables 26

Accrual for leave 101

Withholding tax rebate provision and accrual (317)

Temporary differences on Plant and equipment 10

Fees received in advance (129)

Deferred revenue 2 422

Balance at the end of the period 4 658

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

** South African normal taxation rate of 28% (2010: 28%).
ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the 16 months ended 30 June 2011

Group Company

19. TRADE AND OTHER RECEIVABLES

19.1 Composition

Financial assets - loans and receivables

Trade receivables

11 262

14 558

(651)

–

–

Less: specific impairment (see note 29.1)

(651)

–

–

–

Less: withholding tax included in receivables

–

(824)

–

–

Net trade receivables

10 611

13 734

–

–

Other receivables

215

1 072

–

–

Related party receivables (see note 27.2)

–

–

1 035

1 510

Total financial assets

10 826

14 806

1 035

1 510

Non-financial assets

VAT receivable

624

558

465

371

Total non-financial assets

624

558

465

371

11 450

15 364

1 500

1 881

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.

20. CASH AND CASH EQUIVALENTS

Cash at bank and in hand

16 500

14 153

178

880

Short-term deposits

279

–

–

–

Balance at the end of the period

16 500

14 432

178

880

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.

21. SHARE CAPITAL

21.1 Authorised

At the beginning of the period

2 000

2 000

2 000

2 000

Movements

–

–

2 000

–

At the end of the period

2 000

2 000

2 000

2 000

The authorised share capital consists of 200 000 000 (2010: 200 000 000) ordinary shares of par value 1 cent (2010: 1 cent) each.

21.2 Issued and fully paid

Balance at the beginning of the period

348

336

–

–

Issued on acquisition of Ones & Zeros

–

12

–

–

Balance at the end of the period

348

348

336

336

Balance at the end of the period

348

348

336

336

21.3 Reconciliation of number of shares in issue

Balance at the beginning of the period

34 781

33 587

–

–

Issued on acquisition of Ones & Zeros

–

1 194

–

–

Balance at the end of the period

34 781

34 781

34 781

34 781

21.4 Acquisition shares

The acquisition shares represent future shares to be issued to settle the purchase price of Ones & Zeros.

Balance at the beginning of the period

–

2 724

–

2 724

Settled during the period

–

(2 724)

–

(2 724)

Balance at the end of the period

–

–

–

–

21.5 Directors powers over share capital

The directors are authorised, by resolution of the shareholders, until the next annual general meeting of the Company, to issue and dispose of up to a maximum of 15 000 000 ordinary shares, with or without pre-emptive rights, subject to the requirements of the Companies Act and the rules and regulations of the JSE Listings Requirements, to allot and/or issue shares to such persons on such terms and conditions as they may determine.

21.6 Rights of ordinary shareholders

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 shareholders’ meetings of the Company. All shares rank pari passu and equally with regard to the Company’s residual value of the shares.

21.7 Share premium

Balance at the beginning of the period

11 871

8 608

67 445

64 182

Issued on acquisition of Ones & Zeros (1 193 777 shares)

–

3 271

–

3 271

Listing fee paid on issue of shares

–

(8)

–

(8)

Balance at the end of the period

11 871

11 871

67 445

67 445
ANNUAL FINANCIAL STATEMENTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the 16 months ended 30 June 2011

22. TRADE AND OTHER PAYABLES
Financial liabilities
Trade payables 1 744 734 50 197
Liability on capital reduction 31 29 31 29
Other payables (accruals) 2 979 4 335 6 86
Ones & Zeros purchase price liability 1 950 – 1 950 –
Acczone purchase price liability 11 737 – – –
Other related party payables – – – –
Total financial liabilities 6 704 16 835 22 700 12 962

Non-financial liabilities
Withholding tax rebate payable 4 798 5 860 – –
VAT payable 1 273 489 – –
Leave accrual 2 077 1 621 – –
Total non-financial liabilities 8 148 7 970 – –

Total trade and other payables 14 852 24 805 22 700 13 028

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.

23. PROVISIONS
Withholding tax rebate provision
Balance at the beginning of the period 824 1 536 – –
Utilised during the period (824) (712) – –
Balance at the end of the period – 824 – –

23.1 Withholding tax rebate provision
The Group’s contractual terms and conditions regarding pricing to clients required 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 was 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 reflected a rebate that was given to clients, on receipt of the relevant withholding tax certificates. The Group is committed up 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 section 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.

The Group discontinued the withholding tax scheme as described above and is now following normal withholding tax practices since 1 March 2010.
ANNUAL FINANCIAL STATEMENTS

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the 16 months ended 30 June 2011

25. COMMITMENTS AND CONTINGENCIES

25.1 Operating lease commitments

<table>
<thead>
<tr>
<th>Nature of commitment</th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Future minimum lease payments under non-cancellable operating lease:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Not later than 1 year</td>
<td>1 460</td>
<td>1 832</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Later than 1 year and not later than 5 years</td>
<td>631</td>
<td>1 883</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>2 091</td>
<td>3 715</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

A guarantee for an amount of R195 807 (2010: R69 693) is held by Eris Property Group (Proprietary) Limited to cover any failure by Ones & Zeros to fulfill the terms of the lease agreement in respect of the premises at Unit DG/003, Ground floor, Block D, Sandhurst Office Park to the extent of the failure to fulfill the obligations.

25.2 Capital commitments

<table>
<thead>
<tr>
<th>Nature of commitment</th>
<th>2011</th>
<th>2010</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contracted for but not provided for</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Authorised but not contracted for</td>
<td>3 000</td>
<td>1 816</td>
<td>–</td>
<td>14</td>
</tr>
<tr>
<td>Total</td>
<td>3 000</td>
<td>1 816</td>
<td>–</td>
<td>14</td>
</tr>
</tbody>
</table>

No contracted capital commitments exist at the period 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 R4 068 592 (2010: R2 380 445) 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 30 June 2011 (2010: nil).

27. RELATED PARTIES

27.1 Group subsidiaries and associate

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

<table>
<thead>
<tr>
<th>Nature of business</th>
<th>Country of incorporation</th>
<th>% Equity interest 2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>SilverBridge Software Solutions</td>
<td>IT software</td>
<td>RSA</td>
<td>100</td>
</tr>
<tr>
<td>Ones &amp; Zeros (see note 7.2 for business combination information)</td>
<td>IT consulting</td>
<td>RSA</td>
<td>100</td>
</tr>
<tr>
<td>Acczone (see note 7.3 for business combination information)</td>
<td>IT software</td>
<td>RSA</td>
<td>100</td>
</tr>
</tbody>
</table>

27.2 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 does not constitute 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. Jaco Swanepoel Trust holds 23.1% of the ordinary shares in the Group (2010: 23.1%).

ii. CShell 448 (Proprietary) Limited (“Cshell”), controlled by Kagisio Tiso Holdings (Pty) Ltd, holds 33.65% of the ordinary shares in the Group (2010: 33.65%), and has 1 directors on the board of 8 directors, representing an interest of 25.0% (2009: 22.2%).

27.3 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 period and the corresponding amounts owing or payable to the Group.

<table>
<thead>
<tr>
<th>Nature of transaction</th>
<th>Amount Owing or Payable</th>
</tr>
</thead>
</table>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the 16 months ended 30 June 2011

Country of business

Nature of incorporation

% Equity interest

2011

2010
## 27.3 Significant related party transactions (continued)

### Group

**2011**

- **SDSC**
  - [1 201] – – – [1 201]

**2010**

- **i-Capital Fund Managers (Proprietary) Limited**
  - – [146] – – –

**Group**

- **Entities with significant influence over the Group**
- **SilverBridge Software Solutions**
  - Management fees paid
  - – [199] – – –
  - Inter-group loans from subsidiary
  - – – – [12 605]

**2011**

- **SilverBridge Software Solutions**
  - Corporate management fees received
  - – [1 120] – 304 –
  - Management fees paid
  - – [199] – – –
  - Inter-group loans from subsidiary
  - – – – [18 507]

**Acczone**

- Inter-group loans to subsidiary
  - – – 1 184 –

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

<table>
<thead>
<tr>
<th>Management services</th>
<th>Recruitment fees received/ (paid)</th>
<th>R'000</th>
<th>Consulting fees received/ (paid)</th>
<th>R'000</th>
<th>Amounts owed by related parties</th>
<th>R'000</th>
<th>Amounts owed to related parties</th>
<th>R'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company 2011</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subsidiary companies (based on the legal group structure)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SilverBridge Software Solutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Corporate management fees received</td>
<td>–</td>
<td>4 893</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Inter-group loans from subsidiary</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>196 (22 875)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ones &amp; Zeros</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Corporate management fees received</td>
<td>–</td>
<td>782</td>
<td>–</td>
<td>236</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Inter-group loans from subsidiary</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>223 (2 283)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acczone</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Inter-group loans to subsidiary</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>380</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><em>Total</em></td>
<td>–</td>
<td>5 675</td>
<td>–</td>
<td>1 035 (25 158)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Key management personnel* and directors’ remuneration

#### Summary of directors’ and key management remuneration

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>10 775</td>
<td>10 141</td>
</tr>
<tr>
<td>Non-executive directors</td>
<td>1 115</td>
<td>3 132</td>
</tr>
<tr>
<td>Executive directors</td>
<td>9 660</td>
<td>7 009</td>
</tr>
<tr>
<td><strong>Key management personnel</strong></td>
<td>4 267</td>
<td>3 450</td>
</tr>
</tbody>
</table>

#### Short-term employee benefits

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>4 155</td>
<td>3 735</td>
</tr>
<tr>
<td>Non-executive directors</td>
<td>529</td>
<td>947</td>
</tr>
<tr>
<td>Executive directors</td>
<td>3 626</td>
<td>2 788</td>
</tr>
<tr>
<td><strong>Total compensation paid to directors and key management personnel</strong></td>
<td>15 042</td>
<td>13 591</td>
</tr>
</tbody>
</table>

*Key management personnel are defined as the three highest paid employees in the Group which are not directors as well.

### Remuneration paid by

- **The legal holding company (SilverBridge)**
  - 4 155
  - 3 735
  - 4 155
  - 3 735

- **The legal subsidiary company (SilverBridge Software Solutions)**
  - 8 234
  - 5 800
- **The legal subsidiary company (Ones & Zeros)**
  - 1 933
  - 3 876
- **The legal subsidiary company (Acczone)**
  - 720
  - 180

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>15 042</td>
<td>13 591</td>
</tr>
<tr>
<td><strong>Key management personnel</strong></td>
<td>4 267</td>
<td>3 450</td>
</tr>
</tbody>
</table>

### Directors’ remuneration

#### Group directors’ fees

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive directors of SilverBridge</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- J Swanepoel (CEO)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- S Duetsch</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- J Maritz (FD)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive directors of SilverBridge Solutions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- G Erasmus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- J Eyenke</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive directors of Ones &amp; Zeros</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- M Newell</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive directors of Acczone</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- B Pieters</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total executive directors fees</strong></td>
<td>9 185</td>
<td>360</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9 10 775</td>
<td></td>
</tr>
</tbody>
</table>

#### Non-executive directors of SilverBridge

- A Sangu
- J de Villiers
- R Emslie
- D Madubela
- N Mokone
- TC Murray
- D Smollan
- S Sangweni
- L du Rand

#### Non-executive directors of SilverBridge Software Solutions & ONZ

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>- L du Rand</td>
<td>80</td>
<td>384</td>
</tr>
<tr>
<td><strong>Total non-executive directors fees</strong></td>
<td></td>
<td>464</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>2011</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Group directors’ fees paid</strong></td>
<td>9 185</td>
<td>360</td>
</tr>
</tbody>
</table>

* Fees paid to Amabubesi Capital (Pty) Ltd.
## 27.5.2 Directors remuneration

**Group directors’ fees**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic salary R’000</td>
<td>Bonus R’000</td>
</tr>
<tr>
<td>Executive directors of SilverBridge</td>
<td>947</td>
<td>–</td>
</tr>
<tr>
<td>– J Swanepoel (CEO)</td>
<td>947</td>
<td>–</td>
</tr>
<tr>
<td>– S Duetsch</td>
<td>1 572</td>
<td>630</td>
</tr>
<tr>
<td>– J Maritz (FD)</td>
<td>1 116</td>
<td>–</td>
</tr>
<tr>
<td>Executive directors of SilverBridge Software Solutions</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– G Erasmus</td>
<td>1 043</td>
<td>–</td>
</tr>
<tr>
<td>Executive directors of Ones &amp; Zeros</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– M Newell</td>
<td>891</td>
<td>630</td>
</tr>
<tr>
<td>Executive directors of Acczone</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– B Pieters</td>
<td>180</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total executive directors fees</strong></td>
<td>5 794</td>
<td>1 260</td>
</tr>
</tbody>
</table>

**Non-executive directors of SilverBridge**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic salary R’000</td>
<td>Bonus R’000</td>
</tr>
<tr>
<td>– A Sangu</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– J de Villiers</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– F du Toit</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– N Makone</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– TC Murray</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– D Smallan</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– R Williams</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>– S Sangweni</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total non-executive directors of SilverBridge</strong></td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

**Non-executive directors of SilverBridge Software Solutions**

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>– J Reyneke</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total Group directors’ fees paid</strong></td>
<td>5 749</td>
<td>1 260</td>
</tr>
</tbody>
</table>

* Fees paid to Amabubesi Capital (Pty) Ltd.

## 27.5.3 Key management personnel

### 3 Highest paid employees that are not directors

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic salary R’000</td>
<td>Bonus R’000</td>
</tr>
<tr>
<td>– Employee A</td>
<td>1 611</td>
<td>–</td>
</tr>
<tr>
<td>– Employee B</td>
<td>1 360</td>
<td>–</td>
</tr>
<tr>
<td>– Employee C</td>
<td>1 296</td>
<td>–</td>
</tr>
</tbody>
</table>

### 3 Highest paid employees that are not directors

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Basic salary R’000</td>
<td>Bonus R’000</td>
</tr>
<tr>
<td>– Employee A</td>
<td>1 223</td>
<td>–</td>
</tr>
<tr>
<td>– Employee B</td>
<td>1 004</td>
<td>–</td>
</tr>
<tr>
<td>– Employee C</td>
<td>1 223</td>
<td>–</td>
</tr>
</tbody>
</table>

## 28 Financial instruments

### 28.1 Credit risk

#### 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:

- **Carrying amount**
  - Trade and other receivables: 10 826
  - Cash and cash equivalents: 16 500

The maximum exposure to credit risk at the reporting date by geographical region was:

- **Carrying amount**
  - RSA: 9 139
  - Other African countries: 1 664
  - Zimbabwe: 23

#### Impairment losses

##### Aging analysis of trade receivables

The trade receivables aging at the period end was:

- **Carrying amount**
  - Neither past due nor impaired: 7 460
  - Past due but not impaired: 1 308
  - Past due 31-120 days: 2 060
  - More than 120 days: 630

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

- **Carrying amount**
  - At 1 March: 1 134
  - Impairment loss recognised: 651
  - Amount reversed during the period: (1 134)

* Fees paid to Amabubesi Capital (Pty) Ltd.*
28.2 Liquidity Risk
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

| Non-derivative financial liabilities | Group | | |
| --- | --- | --- | --- | --- | --- |
| Trade and other payables | 6 704 | 6 704 | 6 704 | – | – |
| | 6 704 | 6 704 | 6 704 | – | – |

28 February 2010

<table>
<thead>
<tr>
<th>Non-derivative financial liabilities</th>
<th>Trade and other payables</th>
<th>16 835</th>
<th>17 561</th>
<th>11 418</th>
<th>6 143</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>16 835</td>
<td>17 561</td>
<td>11 418</td>
<td>6 143</td>
</tr>
</tbody>
</table>

Company

| Trade and other payables | 22 700 | 22 700 | 22 700 | – | – |
| | 22 700 | 22 700 | 22 700 | – | – |

28 February 2010

<table>
<thead>
<tr>
<th>Non-derivative financial liabilities</th>
<th>Trade and other payables</th>
<th>12 962</th>
<th>13 688</th>
<th>7 545</th>
<th>6 143</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>12 962</td>
<td>13 688</td>
<td>7 545</td>
<td>6 143</td>
</tr>
</tbody>
</table>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

28.3 Currency risk
The Group invoiced one client during the current financial period in USD (2010: none). The following exchange rates applied for USD during the financial period:

<table>
<thead>
<tr>
<th>Average rate for 16 months</th>
<th>Reporting date spot rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>USD</td>
<td>7.1144</td>
</tr>
</tbody>
</table>

The Company was not exposed to any currency risk during the period or during the previous year.

Sensitivity analysis
A ten percent strengthening/ weakening of the Rand against the USD at 30 June 2011 would have increased (decreased) profit or loss and equity by R2 311. This analysis assumes that all other variables remain constant.

28.4 Interest Rate Risk
Profile
At the reporting date the interest rate profile of the Group’s and the Company’s interest-bearing financial instruments was:

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>16 500</th>
<th>14 432</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

This represents cash balances held with financial institutions in current accounts. The average interest rate for the period was 2% for the Group and 1% for the Company.

Cash flow sensitivity analysis for variable rate instruments
A one percent increase or decrease in the interest rate received would result in an adjustment to the Group’s profit or loss and equity of R3 960 (2010: R9 390) before tax and R430 (2010: R760) to the Company’s profit or loss and equity. This analysis assumes that all other variables remain constant.

28.5 Fair values

Fair values versus carrying amounts
The fair values of financial assets and liabilities, together with the carrying amounts shown in the Statement of Financial Position, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>30 June 2011</th>
<th>28 February 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>Carrying amount</td>
<td>Fair value</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>10 826</td>
<td>10 826</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>16 500</td>
<td>16 500</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(6 704)</td>
<td>(6 704)</td>
</tr>
<tr>
<td></td>
<td>20 622</td>
<td>20 622</td>
</tr>
<tr>
<td>Company</td>
<td>Carrying amount</td>
<td>Fair value</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>1 035</td>
<td>1 035</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>178</td>
<td>178</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(22 700)</td>
<td>(22 700)</td>
</tr>
<tr>
<td></td>
<td>(21 487)</td>
<td>(21 487)</td>
</tr>
</tbody>
</table>

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.
29. SHARE-BASED PAYMENTS

29.1 Description of share-based payment arrangements

At 30 June 2011 the Group has the following share based payment arrangements:

**Share option program (equity-settled)**
On 3 July 2009 the Group established an employee share incentive scheme which is aimed at establishing an incentive to promote the continued growth of the Group by giving employees an opportunity to acquire shares.

On 1 November 2009 and 26 June 2010 the Group offered selected executive employees the opportunity to participate in an employee share incentive scheme. In accordance with this incentive scheme, options are exercisable at the market price of the shares at the date of grant.

The option(s) granted to a beneficiary in terms of the share incentive scheme shall lapse if the beneficiary’s employment with the Group terminates for whatever reason.

**Terms and conditions of share option program**

The terms and conditions relating to the grants of the share option program are as follows; all options are to be settled by physical delivery of shares.

<table>
<thead>
<tr>
<th>Grant date</th>
<th>Number of instruments in thousands</th>
<th>Vesting conditions</th>
<th>Contractual life of option</th>
</tr>
</thead>
<tbody>
<tr>
<td>Options granted to key management between 1 November 2009 and 15 January 2010.</td>
<td>2 510</td>
<td>• 33.3% after 36 months of service after the grant date;</td>
<td>3.5 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 33.3% after 48 months of service after the grant date;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 33.3% after 60 months of service after the grant date.</td>
<td></td>
</tr>
<tr>
<td>Options granted to key management on 26 June 2010.</td>
<td>1 240</td>
<td>• 33.3% after 36 months of service after the grant date;</td>
<td>3.5 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 33.3% after 48 months of service after the grant date;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• 33.3% after 60 months of service after the grant date.</td>
<td></td>
</tr>
</tbody>
</table>

The following directors received share options as part of the above share options granted:

<table>
<thead>
<tr>
<th>Director</th>
<th>Number of Instruments in thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td></td>
</tr>
<tr>
<td>Jaco Maritz</td>
<td>620</td>
</tr>
<tr>
<td>Gawie Erasmus</td>
<td>620</td>
</tr>
<tr>
<td>Total options granted to directors</td>
<td>1 240</td>
</tr>
</tbody>
</table>

| 2010         |                                   |
| Jaco Maritz  | 680                               |
| Gawie Erasmus| 680                               |
| Total options granted to directors | 1 360 |

**Disclosure of share option program**

The number and weighted average exercise prices of share options is as follows:

<table>
<thead>
<tr>
<th>Share option programme</th>
<th>Group 2011</th>
<th>Company 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of options '000</td>
<td></td>
<td>Number of options '000</td>
</tr>
<tr>
<td>Outstanding at 1 March</td>
<td>2 510</td>
<td>–</td>
</tr>
<tr>
<td>Exercised during the period</td>
<td>– (625)</td>
<td>– (625)</td>
</tr>
<tr>
<td>Granted during the period</td>
<td>1 240</td>
<td>2 510</td>
</tr>
<tr>
<td>Outstanding at 28 February 2010</td>
<td>3 125</td>
<td>– (625)</td>
</tr>
<tr>
<td>Exercisable at 28 February</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

The options outstanding granted on 1 November 2009 have an exercise price of R1.56 and the options granted 26 June 2010 have an exercise price of R1.86. Both have a contractual life of 5 years.

In terms of the share ownership and share incentive scheme the maximum number of options to be granted may not exceed 3.4 million scheme shares and the maximum number of scheme shares to which any single eligible employee shall have rights to may not exceed 680 000 shares.

**Inputs for measurement of grant date fair values**
The grant date fair value of the rights granted through the employee share purchase plan was measured based on the Black-Scholes formula. Expected volatility is estimated by considering historic average share price volatility. The inputs used in the measurement of the fair values at grant date of the share-based payment plans are the following:

<table>
<thead>
<tr>
<th>Share options granted 26 June 2011</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of share options and assumptions</td>
<td>1.86</td>
</tr>
<tr>
<td>Fair value at grant date (weighted)</td>
<td>1.90</td>
</tr>
<tr>
<td>Exercise price</td>
<td>1.86</td>
</tr>
<tr>
<td>Expected volatility</td>
<td>46.00%</td>
</tr>
<tr>
<td>Average volatility</td>
<td>46.00%</td>
</tr>
<tr>
<td>Option life (expected)</td>
<td>5 years</td>
</tr>
<tr>
<td>Expected dividends</td>
<td>–</td>
</tr>
<tr>
<td>Risk free interest rate (based on a South African R157 bond with a maturity in 2015)</td>
<td>10%</td>
</tr>
</tbody>
</table>

**Share options granted 1 November 2009**

| Fair value of share options and assumptions | 1.01 |
| Fair value at grant date (weighted) | 1.01 |
| Exercise price | 1.56 |
| Expected volatility | 59.90% |
| Average volatility | 59.90% |
| Option life (expected) | 5 years |
| Expected dividends | – |
| Risk free interest rate (based on government bonds) | 8-9% |
EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING AND PROPOSED RESOLUTIONS

1. Annual financial statements
The ordinary business to be considered at the annual general meeting of the Company is more fully governed in terms of the Memorandum of Incorporation of the Company. In short, the ordinary business at an annual general meeting is to receive and consider the annual financial statements, to declare or sanction dividends (where applicable), to elect directors, auditors, and other officers in the place of those retiring by rotation or otherwise and to elect the audit committee. No special business shall be transacted at an annual general meeting unless due notice thereof has been given.

2. Re-election and rotation of directors
In accordance with section 72 of the Company’s Memorandum of Incorporation (MOI), the directors shall have power at any time and from time to time to appoint any person as a director, either to fill a casual vacancy or as an addition to the board, but so that the total number of the directors shall not at any time exceed the maximum number. Any person appointed to fill a casual vacancy or as an addition to the board, shall retain office only until the next following annual general meeting of the company and shall then retire and be eligible for re-election. The board recommend that shareholders should confirm the election of R Emslie (appointed 17 January 2011) and D Madubela (appointed 14 July 2010) in accordance with the MOI and section 68(2) of the Companies Act, No 71 of 2008 (“the Companies Act”).

The rotation of directors is more fully governed in terms of the MOI of the Company, which require one third of the directors to retire from office at the annual general meeting. The retiring directors at each annual general meeting shall be those who have been longest in office since their last election or appointment. If at the date of the annual general meeting each director will have held office for a period of three years since his last election or appointment he shall retire at such meeting either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The retiring director will be eligible for re-election. J Maritz offers himself for re-election.

3. Re-appointment of external auditor
The audit and risk committee considered and assessed the independence of the external auditor, KPMG Inc., 1226 Schoeman Street, Hatfield, Pretoria, 0028, in accordance with section 90 of the Companies Act. The audit and risk committee was satisfied with KPMG’s independence. Furthermore, the audit and risk committee has, in terms of paragraph 3.86 of the JSE Listings Requirements, considered and satisfied itself that Shaun van den Boogaard, the reporting accountant and individual auditor, is accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements. The audit and risk committee nominated the reappointment of KPMG Inc. as registered auditor for the 2011/2012 financial year, with Shaun van den Boogaard as the individual designated auditor of the Company for the ensuing year. The board has accepted the recommendation of the audit and risk committee subject to shareholder approval as required in terms of section 90(1) of the Companies Act.

The auditors will remain the appointed auditors until the conclusion of the next annual general meeting of the Company. The remuneration of the auditors shall be fixed by agreement with the Company.

4. Election of audit and risk committee members
In terms of section 94(4) of the Companies Act, the Company must elect an audit committee comprising of at least three members. The audit and risk committee is no longer a committee of the board, but a committee elected by the shareholders at each annual general meeting. The proposed members of the audit and risk committee have experience in audit, accounting, economics, human resources, commerce and general industry, among others.

The board confirm that J de Villiers and R Emslie are independent non-executive directors as contemplated in King III Code of Governance Principles for South Africa and the JSE Listings Requirements. These members of the committee are not involved in the day-to-day management of the business nor have they been so involved at any time of the previous financial year. None of the members are a prescribed officer or full-time employee of the company or a related or inter-related company, nor have they been such an officer or employee at any time during the previous three financial years. None of these members were a material supplier or customer of the Company.

The board through of its nomination committee is in the process of recruiting another independent non-executive director to serve on the audit and risk committee. I Murray, a non-executive director, also serves on the audit and risk committee and is nominated for election.

All the members nominated for election for the audit and risk committee of the Company are suitably qualified and skilled directors of the company.

5. General authority to directors to allot and issue authorised but unissued ordinary shares
In terms of the company’s MOI, the board might with the prior approval of the Company in general meeting, subject to the Statutes and the approval of the Listings Division of the JSE (where necessary) issue authorised but unissued shares in the company to such person or person on such terms and conditions and with such rights or restrictions attached thereto as the directors may determine.

The existing general authorities granted by the shareholders at the previous annual general meeting, held 25 June 2010, will expire at the annual general meeting to be held on 19 October 2011, unless renewed. The authorities will be subject to the Companies Act and the JSE Listings Requirements. The aggregate number of ordinary shares able to be allotted and issued in terms of these authorities are limited as set out in the respective resolutions.

The directors request shareholder approval for the renewal of these authorities as it would be advantageous for the business to make use of the authority if opportunities arise.

6. General authorisation to issue shares for cash
This enables the directors to issue shares for cash.

7. Authority to sign all required documents
This requests authority to be given to a director or the Company Secretary to sign such documents and execute such actions as will be required to register and give effect to the resolutions passed.

8. General authority to acquire (repurchase) shares
This is to grant the Company and its subsidiaries a general authority to facilitate the acquisition by the Company and/or its subsidiaries of the Company’s own shares, which general authority shall be valid until the earlier of the next annual general meeting of the company, provided that this general authority shall not extend beyond 15 months from the date of the passing of this special resolution number 1.

9. Remuneration of non-executive directors
In terms of section 66(8) – (9) of the Companies Act, remuneration may only be paid to directors, for their service as directors, in accordance with a special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a company’s Memorandum of Incorporation.

10. Financial assistance in terms of section 44 and 45 of the Companies Act
This general authority would greatly assist the Company inter alia with making inter-company loans to subsidiaries as well as granting letters of support and guarantees in appropriate circumstances. The existence of a general shareholder authority would avoid the need to refer each instance to members for approval which might impede the negotiations and add time and expense. If approved, this general authority will expire at the end of two years.

This general authority also authorises financial assistance to any of the Company’s directors, or prescribed officers or to any other person who is a beneficiary of the share incentive scheme in order to facilitate their participation.

The board must when considering such assistance either for the specific recipient, or generally for a category ensures that:
- The Company will satisfy the solvency and liquidity test immediately after providing the financial assistance; and
- The terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an annual general meeting of shareholders of the Company will be held on Wednesday, 19 October 2011 at 10:00 at boardroom at Unit EG001, Sandhurst Office Park, corner Katherine Street and Rivonia Road, Sandton to deal with such business as may lawfully be dealt with at the meeting and to consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, as amended, as read with the Listings Requirements of the JSE Limited ("JSE Listings Requirements").

The record date on which members must be recorded as such in the register maintained by the transfer secretaries of the Company for the purpose of being entitled to attend and vote at the annual general meeting is 7 October 2011 and the last trading date is 30 September 2011.

Meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders’ meeting. Forms of identification include valid identity documents, driver’s licences and passports.

1. Ordinary resolution number 1
Annual financial statements for the year ended 30 June 2011

"Resolved that the annual financial statements of the Company and its subsidiaries, which includes the directors’ report and the audit and risk committee report for the year ended 30 June 2011 be and are hereby adopted."

The consolidated audited annual financial statements of the Company (as approved by the board of directors of the Company), incorporating the external auditor, audit and risk committee and directors’ reports for the year ended 30 June 2011 have been distributed as required and will be presented.

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

The complete annual financial statements are set out on pages 68 to 131 of the integrated annual report posted to shareholders on 19 September 2011.

2. Ordinary resolution number 2
Confirm the appointment of directors

"Resolved that shareholders confirm the appointment of the following directors, in terms of article 72 of the Company’s MOI:

2.1.1 R Emslie (Appointed 17 January 2011)
2.1.2 D Madubela (appointed 14 July 2010)

Brief curriculum vitae in respect of the directors are contained on pages 18 to 19 of the integrated annual report.

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

3. Ordinary resolution number 3
Re-appointment of external auditor

"Resolved that shareholders authorise the board to re-appoint KPMG Incorporated, KPMG Forum, 1226 Schoeman Street, Hatfield, Pretoria, 0028 as the independent external auditors and Shaun van den Boogaard as the individual designated auditor of the Company for the ensuing year and to determine the remuneration of the auditors."

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

4. Ordinary resolution number 4
Election of audit and risk committee members

"Resolved that shareholders elect, each by way of a separate vote, the following non-executive directors, as members of the SilverBridge audit and risk committee, with effect from the end of this annual general meeting until the conclusion of the next annual general meeting of the Company:

4.1 J de Villiers
4.2 R Emslie
4.3 T Murray.

Brief biographies of these directors offering themselves for election as members of the SilverBridge audit and risk committee are enclosed in the report on pages 18 to 19 of the integrated annual report.

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

5. Ordinary resolution number 5
General authority to directors to allot and issue authorised but unissued ordinary shares

"Resolved that the authorised but unissued shares in the capital of the Company be and are hereby placed under the control and authority of the directors of the Company and that the directors of the Company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the Company may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act, the MOI of the Company and the JSE Listings Requirements, when applicable, such authority to remain in force until the next annual general meeting."

The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the votes exercised on the resolution.

6. Ordinary resolution number 6
General authority to issue shares for cash

In terms of the JSE Listings Requirements, the approval of 75% majority of the votes cast by shareholders present or represented by proxy at this annual general meeting will be required for this authority to become effective.

"Resolved that subject to the general authority proposed in terms of ordinary resolution number 5 above and the JSE Listings Requirements, the directors be and are hereby granted a general authority to issue all or any of the authorised but unissued shares in the capital of the Company, for cash, as and when in their discretion deem fit, subject to the provisions of the Companies Act, the MOI of the Company, the Listings Requirements of the JSE, when applicable, and the following limitations, namely that:

..."
NOTICE OF ANNUAL GENERAL MEETING

- the equity securities which are the subject of the issue for cash 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;
- any such issue will only be made to “public shareholders” as defined in the JSE Listings Requirements and not related parties, unless the JSE otherwise agrees;
- the number of shares issued for cash shall not in the aggregate in any one financial year exceed 15% (fifteen percent) of the Company’s issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year, plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and fully underwritten, or an acquisition which has had final terms announced;
- this authority be valid until the Company’s next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on the net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue; and
- in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company.

7. Ordinary resolution number 7
Authority to sign all required documents
“Resolved that any director of the Company or the Company Secretary shall be and is hereby authorised to sign all documents and perform all acts which may be required to give effect to such ordinary and special resolutions.”

8. Special resolution number 1
General authority to acquire (repurchase) shares
“Resolved that the Company be and is hereby authorised by way of a general approval as contemplated in section 46 and 48 of the Companies Act, to acquire from time to time any or all of the issued ordinary shares of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the MOI of the Company and its subsidiaries and the provisions of the Companies Act and the Listing Requirements of the JSE, when applicable and provided:
The Listing Requirements currently provide, inter alia that:
- Any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement with the counterparty;
- This general authority shall be valid until the earlier of the Company’s next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that it shall not extend beyond 15 months from the date of passing of this special resolution number 1;
- An announcement will be published as soon as the Company or any of its subsidiaries have acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue and for each 3% in aggregate of the initial number acquired thereafter, in compliance with paragraph 11.27 of the JSE Listing Requirements;
- Acquisitions of shares in aggregate in any one financial year may not exceed 20% of the Company’s ordinary issued share capital, as the case may be, as at the date of passing of this special resolution number 1;
- Ordinary shares may not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary shares for the five business days immediately preceding the date the transaction is affected. The JSE should be consulted for a ruling if the Company’s securities have not traded in such five business day period;
- The board of directors authorises the acquisition, the Company passes the solvency and liquidity test and that from the time that the test is done, there are no material changes to the financial position of the Company;
- The Company has been given authority by its MOI;
- At any point in time, the Company and/or its subsidiaries may only appoint one agent to effect any such acquisition;
- The Company and/or its subsidiaries undertaking that they will not enter the market to so acquire the Company’s shares until the company’s sponsor has provided written confirmation to the JSE regarding the adequacy of the Company’s working capital in accordance with Schedule 25 of the JSE Listings Requirements; and
- The Company and/or its subsidiaries not acquiring any shares during a prohibited period, as defined in the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Securities Exchange News Service (SENS) prior to the commencement of the prohibited period.”
- Although no such repurchases are currently in contemplation, the general authority to repurchase the Company’s shares will be effected within the parameters laid down by the JSE and the board as and when the directors of the Company deem it to be appropriate. After considering the effect of a general repurchase within these parameters, the directors are of the view that for a period of at least 12 months after the date of the annual general meeting referred to in this notice:
  - the Company and the group would in the ordinary course of their business be able to pay their debts;
  - the consolidated assets of the Company and the group would exceed the consolidated liabilities of the Company and the group respectively, such assets and liabilities being fairly valued and recognised and measured in accordance with the accounting policies used in the financial statements contained in the integrated annual report;
  - the issued capital and reserves of the Company and the group would be adequate for the purposes of the Company and the group’s business; and
  - the Company and the group’s working capital would be sufficient for their requirements.
The JSE Listings Requirements require, in terms of section 11.26, the following disclosures, which appear in the integrated annual report:
- Directors and management – refer to pages 17 to 19 of the integrated annual report.
- Major shareholders – refer to page 65 of the integrated annual report.
- Directors’ interests in securities – refer to pages 65 of the integrated annual report.
- Share capital of the Company – refer to page 117 of the integrated annual report.

Litigation statement
In terms of paragraph 11.26 of the JSE Listings Requirements, the directors, whose names appear on pages 18 to 19 of the integrated annual report of which the notice of annual general meeting forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or had in the recent past, been at least the previous 12 months, a material effect on the SilverBridge group’s financial position.

Directors’ responsibility statement
The directors, whose names appear on pages 18 to 19 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution.
NOTICE OF ANNUAL GENERAL MEETING

and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

Material changes

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of the notice of annual general meeting.

The directors have no specific intention, at present, for the Company or its subsidiaries to acquire any of the Company’s shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year, which is in the best interests of the Company and its shareholders.

The directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any of its subsidiaries to be in a position to acquire the shares issued by the Company through the order book of the JSE, should the market conditions, tax dispensation and price justify such an action.

The percentage of voting rights that will be required for this resolution to be adopted is more than 75% of the votes exercised on the resolution.

Reason and effect of special resolution number 1

The reason and effect for special resolution number 1 is to grant the Company general approval to acquire its own issued shares on such terms, conditions and such amounts determined from time to time by the directors of the Company by 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 utilize 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 subsidiaries intends to repurchase its securities and the date on which such repurchase will take place, has not yet been determined.

9. Special resolution number 2: Remuneration of non-executive directors

“Resolved that the board and committee fees for non-executive directors for the financial year ending 30 June 2012, as set out in the note below, be and are hereby authorised, in accordance with section 66 (8) – (9) of the Companies Act and that the Company may continue to pay directors’ fees at the annual rates specified in the note below, for the period from 30 June 2011 until the Company’s 2012 annual general meeting.” and

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<tr>
<th>Name of director</th>
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<tr>
<td>J de Villiers</td>
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<td>T Murray</td>
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<td>R Emslie</td>
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<td>A Sangqu</td>
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<td>D Madubela</td>
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<td>S Duetsch</td>
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“Resolved that the board and committee fees for non-executive directors for the financial year ending 30 June 2010, as set out in the integrated report page 125, are hereby ratified, in accordance with section 66 (8) – (9) of the Companies Act.”

The percentage of voting rights that will be required for this resolution to be adopted is more than 75% of the votes exercised on the resolution.

Reason and effect of special resolution number 2

The Companies Act requires shareholder approval of directors’ fees prior to payment of such fees.

10. Special resolution number 3

Financial assistance in terms of section 44 and 45 of the Companies Act

“Resolved that the board of directors of the Company be and is hereby authorised subject to section 44 and 45 of the Companies Act, the Company’s MOI and the JSE Listing Requirements, authorize the Company to provide direct or indirect financial assistance to a director or prescribed officer of the Company or of a related or interrelated Company, to a related or interrelated Company or corporation, or to a member of a related or interrelated corporation, or to a person related to any such Company, corporation, director, prescribed officer or member, provided that no such financial assistance may be provided at any time in terms of this authority after the expiry of two years from the date of the adoption of this special resolution number 3.”

The percentage of voting rights that will be required for this resolution to be adopted is more than 75% of the votes exercised on the resolution.

Reason and effect of Special Resolution number 3

The reason for, and effect of, the special resolution referred to above, is to permit the Company to provide direct or indirect financial assistance to the entities referred to above.

Voting instructions

In terms of the Companies Act, any member entitled to attend and vote at the above meeting may appoint one or more persons as proxy, to attend and speak and vote in his stead. A proxy need not be a member of the Company. Forms of proxy must be deposited at the office of the transfer secretaries not later than 48 hours before the time fixed for the meeting (excluding Saturdays, Sundays and public holidays).

If your SilverBridge shares have been dematerialised and are held in a nominee account, then your Central Securities Depository Participant (“CSDP”) or broker, as the case may be, should contact you to ascertain how you wish to cast your vote at the annual general meeting and thereafter cast your vote in accordance with your instructions.

If you have not been contacted it would be advisable for you to contact your CSDP or broker, as the case may be, and furnish them with your instructions. If your CSDP or broker, as the case may be, does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them, or if the mandate is silent in this regard to abstain from voting.

Dematerialised shareholders whose shares are held in a nominee account must not complete the attached form of proxy. Unless you advise your CSDP or broker timeously in terms of your agreement between yourself and your CSDP or broker by the cut-off time advised by them that you wish to attend the annual general meeting, your CSDP or broker will assume you do not wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume you do not wish to attend the annual general meeting or send a proxy. If you wish to attend the annual general meeting, your CSDP or broker will issue the necessary letter of representation to you to attend the annual general meeting.

Shareholders who have dematerialised their shares through a CSDP or broker, other than “own name” registered dematerialised shareholders, who wish to attend the annual general meeting, must request their CSDP or broker to issue them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.
NOTICE OF ANNUAL GENERAL MEETING

In terms of section 58 of the Companies Act (as amended), shareholders have rights to be represented by proxy as hereinafter stated. An extract of section 58 is included in the form of proxy.

It is requested that forms of proxy should be forwarded to reach the company’s transfer secretaries at the address given below by no later than 10:00 on Monday, 17 October 2011.

Shareholders or their proxies may participate in the meeting by way of telephone conference call and, if they wish to do so:

- Must contact the Company Secretary (by email at the address melinda@fusioncorp.co.za) by no later than 10:00 on Monday, 17 October 2011 in order to obtain a pin number and dial-in details for that conference call;
- Will be required to provide reasonably satisfactory identification; and
- Will be billed separately by their own telephone service providers for their telephone call to participate in the meeting.

Electronic Participation

Section 63(2) allows a company to permit electronic participation in a shareholders meeting unless its MOI prohibits it. There is a view that section 61(10) makes it compulsory for public companies to allow shareholders to participate in a shareholders meeting by electronic means. However, section 63(2) gives the company a choice as to whether or not to allow for electronic participation. It is submitted that the better view is that section 61(10) means that if a public company decides to allow electronic participation, it must then give reasonable access within the Republic for such participation, “irrespective of whether the meeting is held in the Republic of SA or elsewhere”. This interpretation is supported by the provisions of section 63(3) which provides that if a company provides for electronic participation, then the shareholders need to be informed of this in the notice convening the meeting. Accordingly, an electronic form is attached to this notice providing for such electronic participation at the election of the shareholder. By order of the board:

M. Gous
Company Secretary
7 September 2011

FORM OF PROXY

FORM OF PROXY FOR THE ANNUAL GENERAL MEETING TO BE HELD IN THE SILVERBRIDGE HOLDINGS BOARDROOM, BOARDROOM AT UNIT ED1, SANDHURST OFFICE PARK, CORNER KATHERINE STREET AND RIVONIA ROAD, SANDTON ON 19 OCTOBER 2011. – FOR USE BY CERTIFIED ORDINARY SHAREHOLDERS AND DEMATERALISED ORDINARY SHAREHOLDERS WITH ‘OWN NAME’ REGISTRATION ONLY

Holders of dematerialised ordinary shares other than “own name” registration must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP to issue them with the necessary authorisation to attend the annual general meeting in person or provide their CSDP of broker with their voting instructions should they wish to attend the annual general meeting in person but wish to be represented thereat.

I (We) BLOCK LETTERS please) of [address]

being the holder/custodian of ordinary shares in the company, hereby appoint (see note):

1. or failing him / her, 2. or failing him / her,

The chairman of the annual general meeting as my/our proxy to act on my/our behalf at the annual general meeting of the Company which will be held on 19 October 2011 for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

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<th>Number of ordinary shares</th>
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<td>2</td>
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<td>2.1 Confirmation of appointment of directors in terms of the MOI</td>
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<td>2.1.1 R Emelsa</td>
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<td>2.1.2 D Madubela</td>
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<td>2.2 Re-election of J Maritz who retires by rotation</td>
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<td>3 Ordinary resolution 3: Reappointment of external auditor</td>
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<td>4 Ordinary resolution 4: Election of audit and risk committees members</td>
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<tr>
<td>4.1 J de Villiers</td>
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<td>4.2 RR Emelsa</td>
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<td>4.3 T Murray</td>
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<tr>
<td>5 Ordinary resolution 5: General authority to directors to allot and issue authorised but unissued ordinary shares</td>
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<td>6 Ordinary resolution 6: General authority to issue shares for cash</td>
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<td>7 Ordinary resolution 6: Authority to sign documents</td>
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<td>8 Special resolution 1: General authority to acquire (repurchase) shares</td>
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<td>9 Special resolution 2: Remuneration of non-executive directors</td>
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<td>10 Special resolution 3: Financial assistance</td>
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Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the company.

Signed at

on

Signature

Assisted by [if applicable]

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders’ meeting on behalf of such shareholder;

- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;

- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder’s rights as a shareholder;

- any appointment by a shareholder of a proxy is irrevocable, unless the form of instrument used to appoint such proxy states otherwise;

- if an appointment of a proxy is irrevocable, a shareholder may revoke the proxy appointment by [i] cancelling it in writing, or making a later revocation of appointment of a proxy and [ii] delivering a copy of the revocation instrument to the proxy and to the relevant company;

- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company’s memorandum of incorporation, or the instrument appointing the proxy, provides otherwise, and

- any appointment by a shareholder of a proxy is irrevocable, unless the form of instrument used to appoint such proxy states otherwise;

- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company’s memorandum of incorporation, or the instrument appointing the proxy, provides otherwise, and

- the relevant shareholder, or the proxy or proxies, if the relevant shareholder has, [i] directed such company to do so, in writing and [ii] paid any reasonable fee charged by such company for doing so.


NOTES

1. An ordinary shareholder holding dematerialised shares by “own name” registration, or who holds shares that are not dematerialised, may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder’s choice in the space provided, with or without deleting “the chairman of the annual general meeting”. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the chairman of the annual general meeting. A proxy need not be a shareholder of the Company.

2. An ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to that proportion of the total votes in the Company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares issued by the Company. An ordinary shareholder’s instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate box(es). An “X” in the appropriate box indicates the maximum number of votes exercisable by that shareholder. 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 shareholder’s votes exercisable thereat. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, 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 ordinary shareholder.

3. If any ordinary shareholder does not indicate on this instrument that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or give contradictory instructions, or should any further resolution(s) or any amendment(s) which may be properly put before the annual general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.

4. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat instead of any proxy appointed in terms thereof.

5. Documentary evidence establishing the authority of a person signing the proxy form in a representative capacity must be attached to this form, unless previously recorded by the Company or waived by the chairman of the annual general meeting.

6. The chairman of the annual general meeting may reject or accept any proxy form which is completed and/or received other than in compliance with these notes.

7. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.

8. It is requested that this proxy form should be completed and returned to the Company’s transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, , Johannesburg 2001 (PO Box 61051, Marshalltown, 2017), so as to reach them by no later than 17 October 2011.

9. Should a shareholder lodge the proxy form with the transfer secretaries less than 24 hours before the annual general meeting, such shareholder’s votes exercisable thereat may not exceed the total of the votes exercisable by the ordinary shareholder.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE TRANSFER SECRETARIES ON REQUEST

INVESTOR FACT SHEET

INVESTOR FACT SHEET (16 months to June 2011)

Financial services software and consulting for emerging markets

SilverBridge provides core back-office administration software and IT consultation in financial services. We develop, implement, and support our own software for the life assurance industry (Exergy) and loan administration sector (Acczone), covering debit and credit management. We also offer consulting services to financial services institutions.

Our expertise covers several financial services verticals with a focus on life insurance, loans and banking. We see that financial services providers face the simultaneous challenges of cost reduction, customer retention and market expansion. In addition, the speed at which technology is changing and influencing consumer behaviour will require a new approach to financial services. SilverBridge remains well positioned to be part of that new future.

Group Financial Performance

<table>
<thead>
<tr>
<th>In February – R '000</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>(June 16) 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>70 568</td>
<td>106 508</td>
<td>92 933</td>
<td>121 042</td>
</tr>
<tr>
<td>EBIT</td>
<td>9 279</td>
<td>21 680</td>
<td>-30</td>
<td>-3 004</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>13%</td>
<td>20%</td>
<td>0%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Abnormal items</td>
<td>0</td>
<td>0</td>
<td>-11 233</td>
<td>-13 952</td>
</tr>
<tr>
<td>PAT</td>
<td>7 396</td>
<td>16 160</td>
<td>-11 994</td>
<td>-24 264</td>
</tr>
<tr>
<td>growth (y-o-y)</td>
<td>-25%</td>
<td>118%</td>
<td>-124%</td>
<td>8.5%</td>
</tr>
<tr>
<td>HEPS (cents)</td>
<td>18.8</td>
<td>39.7</td>
<td>-4.0</td>
<td>8.5</td>
</tr>
<tr>
<td>growth (y-o-y)</td>
<td>-38%</td>
<td>112%</td>
<td>-110%</td>
<td>-</td>
</tr>
<tr>
<td>Cash flow from operations</td>
<td>9 019</td>
<td>10 772</td>
<td>2 612</td>
<td>12 319</td>
</tr>
<tr>
<td>Cash balance</td>
<td>16 098</td>
<td>14 432</td>
<td>7 023</td>
<td>16 502</td>
</tr>
<tr>
<td>Debt / (Debt+Equity)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>% Annuity Revenue</td>
<td>47%</td>
<td>33%</td>
<td>44%</td>
<td>52%</td>
</tr>
<tr>
<td>ROE</td>
<td>16%</td>
<td>25%</td>
<td>-31%</td>
<td>-90%</td>
</tr>
<tr>
<td>Employees</td>
<td>115</td>
<td>146</td>
<td>109</td>
<td>115</td>
</tr>
<tr>
<td>As a percentage of sales</td>
<td>43%</td>
<td>37%</td>
<td>29%</td>
<td>26%</td>
</tr>
<tr>
<td>Segment profit</td>
<td>-13%</td>
<td>-6%</td>
<td>-10%</td>
<td>-11%</td>
</tr>
<tr>
<td>R &amp; D expense</td>
<td>-25%</td>
<td>-32%</td>
<td>-34%</td>
<td>-</td>
</tr>
<tr>
<td>Indirect cost</td>
<td>-7%</td>
<td>-6%</td>
<td>-10%</td>
<td>9%</td>
</tr>
</tbody>
</table>

* Growth indicated due to 16 month period.

Latest result comment

- Increased annuity revenue
- ABSA project phase one completed.
- We optimised the group structure
- Implementation approach has been redesigned
- Decline in IT consulting was greater than we expected
- Corrective action has been taken to reduce the cost base and realign skills
- SilverBridge exited loss making projects

Revenue and EBIT margin

Market stats

- JSE Code: SVB
- Shares in issue: 34.7 million
- Share price: 140 cents *
- Market cap: R49m
- P/E: negative

* as at 28 Aug 2011

Major shareholders

- 33% - Kagara Trust
- 13% - Amabubesi Investments
- 28% - Management
- 26% - Public

Share price performance

- Share price: 140 cents *
- Market cap: R49m
- P/E: negative

* as at 28 Aug 2011

Share price performance

- Share price: 140 cents *
- Market cap: R49m
- P/E: negative

* as at 28 Aug 2011
### Segmental Performance

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

<table>
<thead>
<tr>
<th>[to Feb – R ’000]</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 11</th>
<th>H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (y-o-y)</td>
<td>19 977</td>
<td>39 326</td>
<td>31 760</td>
<td>41 887</td>
<td>39 309</td>
</tr>
<tr>
<td>Segment result</td>
<td>3 705</td>
<td>8 294</td>
<td>1 008</td>
<td>5 204</td>
<td></td>
</tr>
<tr>
<td>Profit margin</td>
<td>19%</td>
<td>21%</td>
<td>3%</td>
<td>-12%</td>
<td></td>
</tr>
</tbody>
</table>

* Growth not indicated due to 16 month period.
* Negatively impacted by implementation delivery challenges on complex projects.
* After joint client reviews, loss making projects were terminated with associated revenue not recognised.
* Corrective actions taken including a redesign of our implementation approach.

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

<table>
<thead>
<tr>
<th>[to Feb – R ’000]</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 11</th>
<th>H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (y-o-y)</td>
<td>11 003</td>
<td>12 667</td>
<td>17 542</td>
<td>24 158</td>
<td></td>
</tr>
<tr>
<td>Segment result</td>
<td>-607</td>
<td>1 081</td>
<td>-3 095</td>
<td>-2 636</td>
<td></td>
</tr>
<tr>
<td>Profit margin</td>
<td>10%</td>
<td>15%</td>
<td>10%</td>
<td>38%</td>
<td>19%</td>
</tr>
</tbody>
</table>

* Growth not indicated due to 16 month period.
* Good revenue growth from increased contracted support.
* Onsite retention contracts concluded at lower margin.
* General pressure in the implementation environment affected the support margin negatively.

#### Clients across Africa
Several well known Life insurance companies (including Sanlam, Metropolitan International, ABSA Life, African Bank, Real People and Regent Life) forms part of our client base.

SilverBridge has more than 30 clients in 12 African countries.

#### BEE
- 33% Kagiso Trust, 13% Amabubesi Capital
- Level four contributor
- Group is committed to BEE and transformation

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

<table>
<thead>
<tr>
<th>[to Feb – R ’000]</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>H1 11</th>
<th>H1 11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth (y-o-y)</td>
<td>22 066</td>
<td>22 584</td>
<td>28 425</td>
<td>28 425</td>
<td>39 309</td>
</tr>
<tr>
<td>Segment result</td>
<td>22 066</td>
<td>22 584</td>
<td>28 425</td>
<td>28 425</td>
<td>39 309</td>
</tr>
<tr>
<td>Profit margin</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Growth not indicated due to 16 month period.
* Grows with usage, which increases with the number of contracts or policies administered.
* Modest growth on a comparable of the excluding license fees of R7.3 million.
* Future annuity income preserved by converting clients to the new Exergy platform.

### Consulting
Strategic IT consulting mainly to the banking sector.

#### Corporate Information

#### Registered offices
- **FirstFloor, Castle View North,** 495 Prisco Str, Erasmuskloof Pretoria, 0048 (PO Box 11799, Erasmuskloof, 0048)

**Company Secretary**
Fusion Corporate Secretarial Services (Proprietary) Limited represented by
Melinda van den Berg
56 Regency Road
Route 21 Corporate Park
Irene, Pretoria, Gauteng
(PO Box 68528, Highveld, 0169)

**Transfer Secretaries**
Computerhope Investor Services (Pty) Ltd
(Registration number: 2004/003647/07)
70 Marshall Street
Johannesburg, 2001
(Call centre: 0861-102-634)
(PO Box 61051, Marshalltown, 2107)

**Designated Adviser**
Merchantcy (Proprietary) Limited
(Registration number: 2008/022362/07)
2nd Floor, North Block
Hyde Park Office Tower,
Corner 4th Road and Jan Smuts Avenue, Hyde Park
2196
(PO Box 41480, Craigsbull, 2024)

**SDT Financial Software Solutions (Pty) Ltd**
(Registration number: 1993/005860/07)
Date of incorporation: 26 June 1993
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

**Axcame Systems (Pty) Ltd**
(Registration number: 2009/010955/07)
Date of incorporation: 6 October 2009
Place of incorporation: Pretoria, South Africa

**Auditors**
KPMG Incorporated
(Registration number: 4530188665)
KPMG Forum,
1, 229 Schoeman Street
Hatfield, 0083
(PO Box 11265, Hatfield, 0028)

**Legal advisers**
Goldhans Lesing Mabati Inc.
(Registration number: 1997/002114/21)
GLM House
Harlequin Office Park
164 Totus Street
Greenbowl 0027
(PO Box 619, Pretoria, 0001)

**Authorised dealer and commercial banker**
ABSA Bank Limited
(Registration number: 1986/004794/06)
ABSA Tows East
170 Main Street
Johannesburg, 2001
(PO Box 1747, Johannesburg, 2000)

**Corporate advisers**
Ones`n Zeros Advisory (Pty) Ltd
(Registration number: 1999/018719/07)
18 Hurlingham Road
2001
Date of incorporation: 5 July 1995
Place of incorporation: Pretoria, South Africa

**Compliance**
SilverBridge Holdings Limited
(Registration number: 1995/006315/06)
Date of incorporation: 30 April 1995
Place of incorporation: Pretoria, South Africa

**Investor Contacts**
Paul du Plessis - Marketing Manager
+27 (0) 82 597 7688 +27 (0) 12 360 2020
Jaco Maritz - Financial Director
jaco.maritz@silverbridge.co.za
+27 (0) 21 667 6000

---

**Key Executives and Directors**

**Jaco Swanepoel**
CEO

**Jaco Maritz**
Financial Director

**Sphelele Sangweni**
Alternate director

**Sandra Duetsch**
Executive director

**Tyrrel Murray**
Non-executive director

**Sphelele Sangweni**
Non-executive director

---

**Place of incorporation: Pretoria, South Africa**

(Registration number: 2001/023270/07)

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+27 (0) 82 597 7688 +27 (0) 12 360 2020

Jaco Maritz - Financial Director
jaco.maritz@silverbridge.co.za
+27 (0) 21 667 6000
To:
The Directors
SilverBridge Holdings Limited

I/We, ................................................................................................................................................. the undersigned
(please print)
of address .............................................................................................................................................
being the registered holder(s) of:

......................................................................................................................................................... ordinary shares in the capital of the Company and/or
do hereby elect to receive any documents or notices from SilverBridge, by electronic post, to the extent that the
Company is permitted to so distribute any notices, documents, records or statements in terms of the Companies
Act, No 71 of 2008, as amended, and any and every other statute, ordinance, regulation or rule in force from
time to time, including the JSE Listings Requirements, concerning companies and affecting SilverBridge.

I/We hereby furnish the following email address and/or fax number for such electronic communication:

<table>
<thead>
<tr>
<th>Email address</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fax number</td>
<td></td>
</tr>
</tbody>
</table>

Any written amendment or withdrawal of any such notice of consent by me/us, shall only take effect if signed by
me/us and received by the Company.

Signed at ........................................................................................................ on ..................................2011.

Signature .........................................................................................................................

Assisted by me (where applicable) .........................................................................................

1. Please complete, detach and return this election form to SilverBridge’ transfer secretaries Computershare
   Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg 2001 (P O Box 61051, Marshalltown
   2017) by no later than 10:00 on Monday, 17 October 2011.