

**SILVERBRIDGE HOLDINGS LIMITED**  
**INCORPORATED IN THE REPUBLIC OF SOUTH AFRICA**  
**(REGISTRATION NUMBER 1995/006315/06)**  
**SHARE CODE: SVB ISIN: ZAE000086229**  
**("SILVERBRIDGE" OR "THE GROUP" OR "THE COMPANY")**

*UNAUDITED CONDENSED CONSOLIDATED INTERIM GROUP FINANCIAL STATEMENTS*  
*for the six month period ended 31 December 2018*

## **GROUP PROFILE**

SilverBridge offers reliable solutions that support the operations of companies offering financial products and services. We have gained experience in this area over more than 20 years of being in business. Our understanding of contract administration processes helps our clients improve and simplify their business processes. We achieve this by implementing our system platforms and customising them to meet product and process needs. Our services are also offered as cloud solutions.

Exergy is our flagship platform that enables core back office policy administration in the life assurance industry. The Exergy solution package can be customised to suit the needs of a life assurer. The solution also extends to offer group scheme and pension fund administration, as well as elements of medical and short-term insurance. This caters for clients wanting to offer a wider range of financial services offerings on a single platform.

Our software products and hosted services are rented to our customers on a monthly basis.

**Unaudited condensed consolidated interim statement of comprehensive income  
for the six month period ended 31 December 2018**

		<b>Unaudited</b>	Unaudited	Audited	
		<b>six months</b>	six months	months	
		<b>ended</b>	ended	ended	
		<b>31 December</b>	31 December	30 June	Percentage
		<b>2018</b>	2017	2018	change
	<b>Notes</b>	<b>R'000</b>	R'000	R'000	%
<b>Revenue</b>	1.5	<b>45 714</b>	47 456	94 881	(4)
Other income		<b>143</b>	98	274	46
Operating expenses		<b>(47 520)</b>	(44 714)	(86 960)	6
<b>Operating (loss)/profit</b>		<b>(1 663)</b>	2 840	8 195	(159)
Finance cost		<b>(991)</b>	-	-	(100)
Finance income		<b>262</b>	233	492	12
Loss/(Profit) before taxation		<b>(2 392)</b>	3 073	8 687	(146)
Taxation		<b>560</b>	(962)	(2 781)	(129)
<b>Total comprehensive (loss)/income for the period</b>		<b>(1 832)</b>	2 111	5 906	(153)
Number of shares in issue ('000)	1.2	<b>34 781</b>	34 781	34 781	
Weighted average number of shares in issue ('000)	1.2	<b>29 000</b>	29 000	29 000	
Diluted weighted average number of shares ('000)	1.2	<b>29 632</b>	31 184	29 745	
Basic earnings per share (cents)	1.2	<b>(6.32)</b>	7.28	20.37	(187)
Diluted earnings per share (cents)	1.2	<b>(6.18)</b>	6.77	19.86	(191)

**Unaudited condensed consolidated interim statement of financial position  
as at 31 December 2018**

		Unaudited as at 31 December 2018 R'000	Unaudited as at 31 December 2017 R'000	Audited as at 30 June 2018 R'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Equipment		1 871	2 639	2 285
Intangible assets		20 524	18 356	21 173
Deferred tax assets		2 499	4 239	2 742
Withholding tax rebates receivable		512	612	525
<b>Total Non-Current Assets</b>		<b>25 406</b>	<b>25 846</b>	<b>26 725</b>
<b>Current Assets</b>				
Withholding tax rebates receivables		989	701	989
Income tax receivable		470	1 230	1 125
Revenue recognised not yet invoiced	1.3	4 886	7 448	6 948
Trade and other receivables		15 287	14 760	16 137
Cash and cash equivalents		14 460	12 201	13 529
<b>Total Current Assets</b>		<b>36 092</b>	<b>36 340</b>	<b>38 728</b>
<b>Total Assets</b>		<b>61 498</b>	<b>62 186</b>	<b>65 453</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Issued capital		348	348	348
Share premium		11 871	11 871	11 871
Treasury shares		(9 840)	(10 898)	(10 476)
Share based payment reserve		3 620	2 740	3 643
Retained earnings		46 490	45 945	49 740
<b>Total Equity</b>		<b>52 489</b>	<b>50 006</b>	<b>55 126</b>
<b>Non-Current Liabilities</b>				
Deferred tax liability		2 745	3 612	3 775
<b>Total Non-Current Liabilities</b>		<b>2 745</b>	<b>3 612</b>	<b>3 775</b>
<b>Current Liabilities</b>				
Deferred revenue	1.3	1 075	2 692	945
Income tax payable		-	-	18
Trade and other payables	1.4	5 189	5 876	5 589
<b>Total Current Liabilities</b>		<b>6 264</b>	<b>8 568</b>	<b>6 552</b>
<b>Total Liabilities</b>		<b>9 009</b>	<b>12 180</b>	<b>10 327</b>
<b>Total Equity and Liabilities</b>		<b>61 498</b>	<b>62 186</b>	<b>65 453</b>
<b>Net asset value per share (cents)</b>	1.6	<b>181.00</b>	<b>172.43</b>	<b>190.09</b>
<b>Net tangible asset value per share (cents)</b>	1.6	<b>110.22</b>	<b>109.13</b>	<b>117.08</b>

**Unaudited condensed consolidated interim statement of changes in equity  
for the six month period ended 31 December 2018**

	Issued capital	Share premium	Treasury shares	Share based payment reserve	Retained earnings	Total equity
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Balance at 1 July 2017</b>	<b>348</b>	<b>11 871</b>	<b>(11 362)</b>	<b>2 453</b>	<b>46 038</b>	<b>49 348</b>
<b>Total comprehensive income for the period</b>						
Profit or loss	-	-	-	-	2 111	2 111
<b>Total comprehensive income for the period</b>	-	-	-	-	2 111	2 111
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividend paid	-	-	-	-	(2 204)	(2 204)
Treasury shares purchased by employees released from security	-	-	349	-	-	349
Interest from share ownership scheme	-	-	115	-	-	115
Equity settled share based payment	-	-	-	287	-	287
<b>Total contributions by and distributions to owners</b>	-	-	464	287	(93)	658
<b>Balance at 31 December 2017</b>	<b>348</b>	<b>11 871</b>	<b>(10 898)</b>	<b>2 740</b>	<b>45 945</b>	<b>50 006</b>
<b>Total comprehensive income for the period</b>						
Profit or loss	-	-	-	-	3 795	3 795
<b>Total comprehensive income for the period</b>	-	-	-	-	3 795	3 795
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Shares held as security for employee loan taken back as treasury shares	-	-	(138)	-	-	(138)

Treasury shares purchased by employees released from security	-	-	460	-	-	<b>460</b>
Interest from share ownership scheme	-	-	100	-	-	<b>100</b>
Equity settled share based payment	-	-	-	903	-	<b>903</b>
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>422</b>	<b>903</b>	<b>3 795</b>	<b>5 120</b>
<b>Balance at 30 June 2018</b>	<b>348</b>	<b>11 871</b>	<b>(10 476)</b>	<b>3 643</b>	<b>49 740</b>	<b>55 126</b>
<b>Total comprehensive income for the period</b>						
Profit or loss	-	-	-	-	(1 832)	(1 832)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1 832)</b>	<b>(1 832)</b>
<b>Transactions with owners, recorded directly in equity</b>						
<b>Contributions by and distributions to owners</b>						
Dividend paid	-	-	-	-	(1 418)	<b>(1 418)</b>
Employees exercising share options			245	(444)		<b>(199)</b>
Treasury shares purchased by employees released from security	-	-	308	-	-	<b>308</b>
Interest from share ownership scheme	-	-	83	-	-	<b>83</b>
Equity settled share based payment	-	-	-	421	-	<b>421</b>
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>636</b>	<b>(23)</b>	<b>(1 148)</b>	<b>(805)</b>
<b>Balance at 31 December 2018</b>	<b>348</b>	<b>11 871</b>	<b>(9 840)</b>	<b>3 620</b>	<b>46 490</b>	<b>52 489</b>

**Unaudited condensed consolidated interim statement of cash flows  
for the six month period ended 31 December 2018**

	<b>Unaudited six months Ended 31 December 2018 R'000</b>	Unaudited six months Ended 31 December 2017 R'000	Audited 12 months ended 30 June 2018 R'000
<b>Cash generated from operations</b>	<b>1 568</b>	5 841	9 263
Interest received	<b>262</b>	234	492
Taxation received/(paid)	<b>410</b>	(312)	(350)
<b>Net cash inflow from operating activities</b>	<b>2 240</b>	5 763	9 405
<b>Cash flows from investing activities</b>			
Equipment acquired to maintain operations	<b>(202)</b>	(448)	(615)
Proceeds from disposal of equipment	<b>119</b>	68	14
Cash outflow from capitalisation of Development costs	-	(2 525)	(5 504)
<b>Net cash outflow from investing activities</b>	<b>(83)</b>	(2 905)	(6 105)
<b>Cash flows from financing activities</b>			
Receipts from employee loans	<b>391</b>	-	886
Employees exercising share options	<b>(199)</b>		
Dividends paid to equity holders	<b>(1 418)</b>	(2 204)	(2 204)
<b>Net cash outflow from financing activities</b>	<b>(1 226)</b>	(2 204)	(1 318)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>931</b>	654	1 982
Cash and cash equivalents at the beginning of the period	<b>13 529</b>	11 547	11 547
<b>Cash and cash equivalents at the end of the period</b>	<b>14 460</b>	12 201	13 529

Unaudited condensed consolidated interim segment reports  
for the six month period ended 31 December 2018

Reportable Segment Report

	Total R'000	Implemen- tation services R'000	Support services R'000	Hosting and outsourcing services R'000	Rental & maintenance R'000	Research & develop- ment R'000
<b>Unaudited six months ended 31 December 2018</b>						
Total revenue	46 919	1 179	20 078	2 126	23 536	-
Inter-group revenue	(1 205)	-	(1 155)	-	(50)	-
<b>Net revenue</b>	<b>45 714</b>	<b>1 179</b>	<b>18 923</b>	<b>2 126</b>	<b>23 486</b>	<b>-</b>
Direct segment cost	(25 306)	(908)	(14 996)	(2 453)	(3 027)	(3 922)
<b>Segment gross profit</b>	<b>20 408</b>	<b>271</b>	<b>3 927</b>	<b>(327)</b>	<b>20 459</b>	<b>(3 922)</b>
Indirect segment cost	(22 071)	(2 650)	(8 390)	(662)	(3 087)	(7 282)
<b>Segment result</b>	<b>(1 663)</b>	<b>(2 379)</b>	<b>(4 463)</b>	<b>(989)</b>	<b>17 372</b>	<b>(11 204)</b>
Finance cost	(991)					
Finance income	262					
Income tax expense	560					
<b>Loss for the period</b>	<b>(1 832)</b>					

	Total R'000	Implemen- tation services R'000	Support services R'000	Hosting and outsourcing services R'000	Rental & maintenance R'000	Research & develop- ment R'000
<b>Unaudited six months ended 31 December 2017</b>						
Total revenue	48 243	6 455	18 147	2 319	21 322	-
Inter-group revenue	(787)	(157)	(630)	-	-	-
<b>Net revenue</b>	<b>47 456</b>	<b>6 298</b>	<b>17 517</b>	<b>2 319</b>	<b>21 322</b>	<b>-</b>
Direct segment cost	(25 020)	(4 290)	(10 943)	(1 151)	(3 857)	(4 779)
Cost capitalised	2 525	-	-	-	-	2 525
<b>Segment gross profit</b>	<b>24 961</b>	<b>2 008</b>	<b>6 574</b>	<b>1 168</b>	<b>17 465</b>	<b>(2 254)</b>
Indirect segment cost	(20 601)	(2 398)	(7 758)	(741)	(2 839)	(6 865)
Provision for doubtful debt	(1 520)	(1 520)	-	-	-	-
<b>Segment result</b>	<b>2 840</b>	<b>(1 910)</b>	<b>(1 184)</b>	<b>427</b>	<b>14 626</b>	<b>(9 119)</b>
Finance income	233					
Income tax expense	(962)					
<b>Profit for the period</b>	<b>2 111</b>					

	Total R'000	Implemen- tation services R'000	Support services R'000	Hosting and outsourcing services R'000	Rental & maintenance R'000	Research & develop- ment R'000
<b>Audited twelve months ended 30 June 2018</b>						
Total revenue	96 347	10 250	37 774	5 137	43 187	-
Inter-group revenue	(1 466)	(157)	(1 309)	-	-	-
<b>Net revenue</b>	<b>94 881</b>	<b>10 093</b>	<b>36 465</b>	<b>5 137</b>	<b>43 187</b>	<b>-</b>
Direct segment cost	(49 864)	(5 612)	(23 236)	(3 411)	(6 522)	(11 083)
Cost capitalised	5 504	-	-	-	-	5 504
<b>Segment gross profit</b>	<b>50 521</b>	<b>4 481</b>	<b>13 229</b>	<b>1 726</b>	<b>36 664</b>	<b>(5 579)</b>
Indirect segment cost	(40 806)	(4 748)	(15 369)	(1 467)	(5 624)	(13 598)
Provision for doubtful debt	(1 520)	(1 520)	-	-	-	-
<b>Segment result</b>	<b>8 195</b>	<b>(1 787)</b>	<b>(2 140)</b>	<b>259</b>	<b>31 040</b>	<b>(19 177)</b>
Finance income	492					
Income tax expense	(2 781)					
<b>Profit for the period</b>	<b>5 906</b>					

#### Assets and liabilities

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



## **COMMENTARY**

### **1. NOTES TO THE CONDENSED UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2018**

#### **1.1. Basis of preparation**

The condensed unaudited consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listing Requirements for abridged reports, and the requirements of the Companies Act applicable to summary financial statements. The listing requirements require abridged reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting.

The accounting policies applied in the preparation of these condensed unaudited consolidated interim financial statements, which are based on reasonable judgment and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the annual audited financial statements for the year ended 30 June 2018.

These condensed unaudited consolidated interim financial statements have been prepared by Freddie van Heerden, Group Financial Manager, under the supervision of the Group Financial Director, Lee Kuyper CA(SA).

The directors take full responsibility for the preparation of these condensed unaudited consolidated interim financial statements and the financial information has been correctly extracted from the underlying financial information. These interim results have not been audited or reviewed by the Group's auditors.

## 1.2. Earnings per share

### *Basic and diluted earnings per ordinary share*

Basic earnings per ordinary share is calculated by dividing the earnings for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	<b>Unaudited six months as at 31 December 2018</b>	<b>Unaudited six months as at 31 December 2017</b>	<b>Audited 12 months as at 30 June 2018</b>
<b>Reconciliation of the weighted average number of shares in issue</b>			
Shares in issue at the beginning of the period (‘000)	<b>34 781</b>	<b>34 781</b>	34 781
Effect of treasury shares acquired	<b>(5 781)</b>	<b>(5 781)</b>	(5 781)
Weighted average number of shares in issue during the period (‘000)	<b>29 000</b>	<b>29 000</b>	29 000
Shares in issue at the end of the period – net of treasury shares (‘000)	<b>29 000</b>	<b>29 000</b>	29 000
<b>Earnings attributable to ordinary shareholders (R’000)</b>	<b>(1 832)</b>	<b>2 111</b>	5 906
<b>Basic earnings per share (cents)</b>	<b>(6.32)</b>	<b>7.28</b>	20.37

Diluted earnings per ordinary share is calculated by dividing the diluted earnings for the period attributable to ordinary equity holders of the parent by the diluted weighted average number of ordinary shares outstanding during the period.

	<b>Unaudited six months as at 31 December 2018</b>	Unaudited six months as at 31 December 2017	<b>Audited 12 months as at 30 June 2018</b>
<b>Reconciliation between weighted average number of shares in issue and weighted average number of shares in issue used for diluted earnings per share</b>			
Weighted average number of shares in issue ('000)	<b>29 000</b>	29 000	29 000
Diluted number of shares due to share options in issue ('000)	<b>632</b>	2 184	745
Weighted average number of shares in issue used for diluted earnings per share ('000)	<b>29 632</b>	31 184	29 745
<b>Earnings attributable to ordinary shareholders</b>			
<b>(R'000)</b>	<b>(1 832)</b>	2 111	5 906
<b>Diluted earnings per share (cents)</b>	<b>(6.18)</b>	6.77	19.86

### *Headline and diluted headline earnings per ordinary share*

Headline earnings per ordinary share is calculated by dividing the headline earnings attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

	<b>Unaudited six months as at 31 December 2018</b>	Unaudited six months as at 31 December 2017	Audited 12 months as at 30 June 2018
<b>Weighted average number of shares in issue</b>		29 000	29 000
<b>Reconciliation between basic earnings and headline earnings</b>			
Basic earnings (R'000)	<b>(1 832)</b>	2 111	5 906
Adjusted for:			
– Profit on disposal of equipment (R'000)	<b>(13)</b>	(68)	(10)
<b>Headline earnings (R'000)</b>	<b>(1 845)</b>	2 043	5 896
<b>Headline earnings per share (cents)</b>	<b>(6.36)</b>	7.04	20.33

Diluted Headline earnings per ordinary share is calculated by dividing the headline earnings attributable to ordinary equity holders of the parent by the diluted weighted average number of ordinary shares outstanding during the period.

	<b>Unaudited six months as at 31 December 2018</b>	Unaudited six months as at 31 December 2017	Audited 12 months as at 30 June 2018
<b>Weighted average number of shares in issue used for diluted earnings per share ('000)</b>	<b>29 632</b>	31 184	29 745
<b>Diluted headline earnings (R'000)</b>	<b>(1 845)</b>	2 043	5 896
<b>Diluted headline earnings per share (cents)</b>	<b>(6.23)</b>	6.55	19.82

### 1.3. Deferred revenue and revenue recognised but not yet invoiced

Deferred revenue and revenue recognised but not yet invoiced refers to the timing difference between recognition of revenue and invoicing to the client contracts.

	<b>Unaudited six months Ended 31 December 2018 R'000</b>	Unaudited six months ended 31 December 2017 R'000	Audited 12 months ended 30 June 2018 R'000
<b>Current asset</b>			
Revenue recognised not yet invoiced	<b>4 886</b>	7 448	6 948
<b>Current liability</b>			
Deferred revenue	<b>(1 075)</b>	(2 692)	(945)
<b>Net asset</b>	<b>3 811</b>	4 756	6 003

### 1.4. Trade and other payables

Trade and other payables comprised of the following:

	<b>Unaudited six months as at 31 December 2018 R'000</b>	Unaudited six months as at 31 December 2017 R'000	Audited 12 months as at 30 June 2018 R'000
Trade payables	<b>881</b>	<b>705</b>	488
Other payables (accruals)	<b>4 308</b>	<b>5 171</b>	5 101
<b>Total</b>	<b>5 189</b>	<b>5 876</b>	5 589

## 1.5. Revenue per geographical region

	<b>Unaudited 6 months ending 31 Dec 2018</b>	<b>Group</b>	
		Unaudited 6 months ending 31 Dec 2017	Audited 12 months ending 31 Dec 2018
		R'000	R'000
South Africa	17 177	19 166	40 998
Namibia	11 489	12 888	20 456
Zimbabwe	4 202	4 250	10 361
Kenya	2 450	1 985	5 101
Ghana	2 420	1 135	2 298
Botswana	2 185	1 506	3 941
Lesotho	1 975	2 913	4 786
Malawi	1 368	1 102	1 801
Mauritius	1 278	1 295	2 236
Zambia	675	370	1 196
Nigeria	457	424	862
Tanzania	38	422	845
<b>Total</b>	<b>45 714</b>	<b>47 456</b>	<b>94 881</b>

## 1.6. Net asset and tangible net asset value per share

	<b>Unaudited six months as at 31 December 2018</b>	Unaudited six months as at 31 December 2017	Audited 12 months as at 30 June 2018
	<b>Number of shares '000</b>	Number of shares '000	Number of shares '000
Shares in issue at the beginning of the period	34 781	34 781	34 781
Effect of treasury shares acquired	(5 781)	(5 781)	(5 781)
Shares at the end of the period	29 000	29 000	29 000
<b>Net asset value per share (cents)</b>	<b>181.00</b>	172.43	190.09
<b>Tangible asset value per share (cents)</b>	<b>110.22</b>	109.13	117.08

## 1.7. Fair values

The carrying amounts of all financial assets and liabilities are a reasonable approximation of their fair value.

## **2. CORPORATE ACTIVITY**

### **2.1 Dividends and capital distribution**

No dividend was declared for the period under review. The directors declared and approved a final gross dividend of 4.5 cents per share on 10 September 2018 for the year ended 30 June 2018 from income reserves and the payment distributions were made during the period under review.

### **2.2 Subsequent events**

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

### **2.3 Changes to the board of directors**

Mr Stuart Blyth has resigned as an executive director of the Company with effect 1 November 2018.

## **3. FINANCIAL RESULTS AND PERFORMANCE**

Despite positive growth in our core annuity revenue segments we experienced a difficult six months in terms of implementation revenue and growth of some of our new initiatives. This was largely influenced by the continued slow down of the economies in the countries in which we do business, as well as increased political uncertainty in many African countries, including South Africa.

Our customers in Zimbabwe have specifically faced a difficult period and continue to do so. These businesses while large and successful, with strong financial positions, have found it difficult to get access to foreign currency to pay for the software and services we have been contracted for and provided them. We however remain committed to these businesses and continue to support them while their country navigates this difficult period. From an accounting perspective we have taken a position that, where there is historic evidence and an indication from these customers that payment may be made on delayed terms, we will discount the revenue amount and account for a financing component as finance cost which is then realised over this extended period. This charge to the income statement was R1 million for the period under review.

Revenue was down 4% as a result of a significant decrease in the implementation segment. Revenue from our core annuity segments of software rental and support, however, grew by 10% and 8% respectively. Gross profit was down 18%, impacted by the decrease in revenue but also due to no capitalisation of costs. After the allocation of indirect costs, an operating loss was posted for the period.

Our cash position increased to R14.5 million from R13.5 million at year end. The balance sheet remains healthy and debt free.

Despite difficult circumstances we have maintained strong relationships with our clients. Although not to the extent that we would have hoped, we have had some success in securing new contracts for some of our new offerings. While the drop in revenue and earnings is disappointing, we are pleased that we continued to strengthen and grow our annuity segments.

## **SEGMENTAL REVIEW**

### **Implementation services**

This segment implements our solutions for clients and is project based.

Revenue decreased by 81% due to the low number of implementations when compared to the comparative period. This was mainly due to delayed decisions in securing new business. After the allocation of indirect costs, the segment posted a loss.

We remain happy with our implementation delivery model. Although we have not secured many new deals in the period, we see this as a temporary impact of the current economic and political climate.

### **Support services**

Support is contracted on a monthly basis and is annuity based.

Revenue increased by 8% from higher demand for additional support and projects. The segment posted a loss of R4.5 million compared to a loss of R1.2 million in the comparative period. This was due to the excess capacity which historically would have been allocated to the implementation segment being used to provide value to our existing customers.

We continue to focus on additional higher value-added offerings in this segment. Despite the tough economic climate, we are seeing a pickup in the uptake of these offerings.

### **Hosting and outsourcing services**

This segment provides a range of complementary managed services to our clients. The services include cloud-based hosting, outsourced technical services, digitalisation services and full business process outsourcing.

This segment is important for the Group as it enables us to offer additional services to existing clients as well as make our offerings appeal to a wider range of potential clients. It also helps keep our offerings relevant regarding technology trends.

Revenue was down 8% from R2.3 million to R2.1m as a result of the cancellation of some outsourced contracts. The segment posted a loss of R1 million after an increase in direct costs in an effort to generate more revenue and growth in this segment.

While the slowdown in growth of this segment is disappointing, we still see opportunities that lie ahead. We envisage the segment becoming a larger contributor to profit as it achieves more scale.

### **Software rental and maintenance**

Software rental is annuity based.

Revenue was up 10% from the addition of new clients that were implemented in the previous year. The segment posted a profit of R17.4 million compared to R14.6 million in the comparative period. While we continued to invest in the maintenance of our products, we were able to do so at a comparatively lower cost in this period.

Our software and the growth of our annuity rental stream remain a core focus going forward.



## **Research and development (“R&D”)**

The majority of our research and development for the period was related to research efforts in terms of insurtech opportunities.

Total direct costs were R3.9 million compared to R4.8 million in the comparative period. Given that the nature of these efforts were research based, no amounts were capitalised.

## **4. GROUP OUTLOOK**

We remain positive about the future despite a challenging period. Although the tough economic conditions and political uncertainty are likely to remain for some time, we are confident that we are well positioned to capitalise on any improvement that may come in future. We also remain committed to our customers in Zimbabwe and confident that our relationships will hold us in good stead when the country is in a better position.

We still see opportunity within some of our new initiatives, albeit slower than expected. We continue to build our core annuity streams which are the foundation of the group.

The financial services industry continues to face significant challenges and increased competition to meet its customers’ changing needs in an increasingly digital world. This results in many of our existing and potential clients searching for solutions to enable them to adapt quickly and more effectively. SilverBridge remains well positioned to meet these needs. It presents us with opportunities to create platforms that can help the industry to adapt and continues guiding our product development initiatives.

On behalf of the board of directors

Robert Emslie  
Chairman

Jaco Swanepoel  
Chief Executive Officer

Pretoria  
13 February 2018

## CORPORATE INFORMATION

### SILVERBRIDGE HOLDINGS LIMITED

(Incorporated in the Republic of South Africa)  
(Registration No. 1995/006315/06)  
JSE SHARE CODE: "SVB" ISIN CODE: ZAE000086229  
("SilverBridge" or "the Group")

### DIRECTORS OF SILVERBRIDGE HOLDINGS

Robert Emslie (Chairman)\*\*, Jaco Swanepoel (CEO), Jeremy de Villiers \*\*, Hasheel Govind \*, Tyrrel Murray\*\*, Lee Kuyper (Group Financial Director), Lulama Booï\*.  
(All the directors are South African citizens).

\* Non-executive

\*\*Independent non-executive

### REGISTERED OFFICES

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### COMPANY SECRETARY

Fusion Corporate Secretarial Services Proprietary Limited  
represented by  
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Highveld, Centurion, Gauteng  
(PO Box 68528, Highveld, 0169)

### LEGAL ADVISERS

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### GROUP AUDITORS:

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