



Financial Results

six month period ending 31 December 2012



SILVERBRIDGE

Agenda

Operations and segments

Financial overview

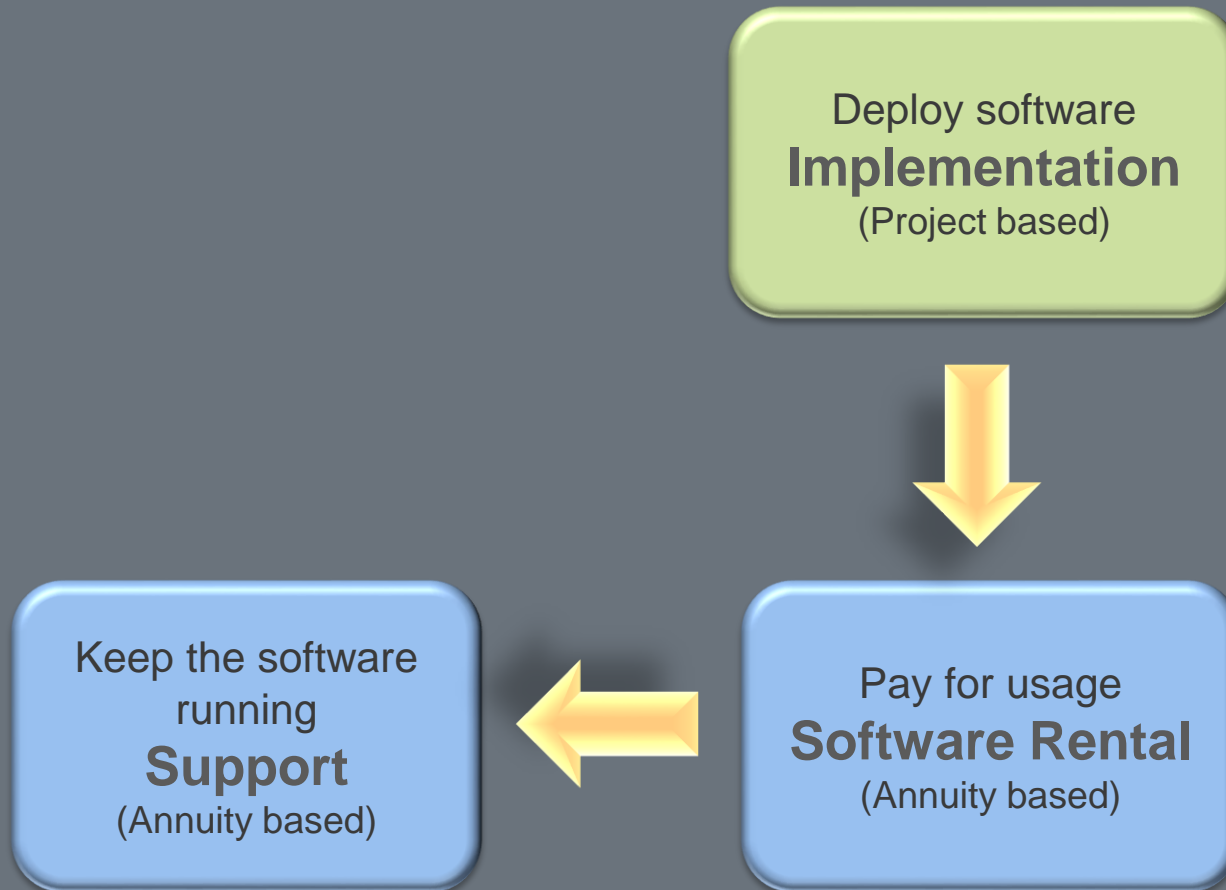
Business overview

Conclusion

Questions

Operations and segments

Operational model

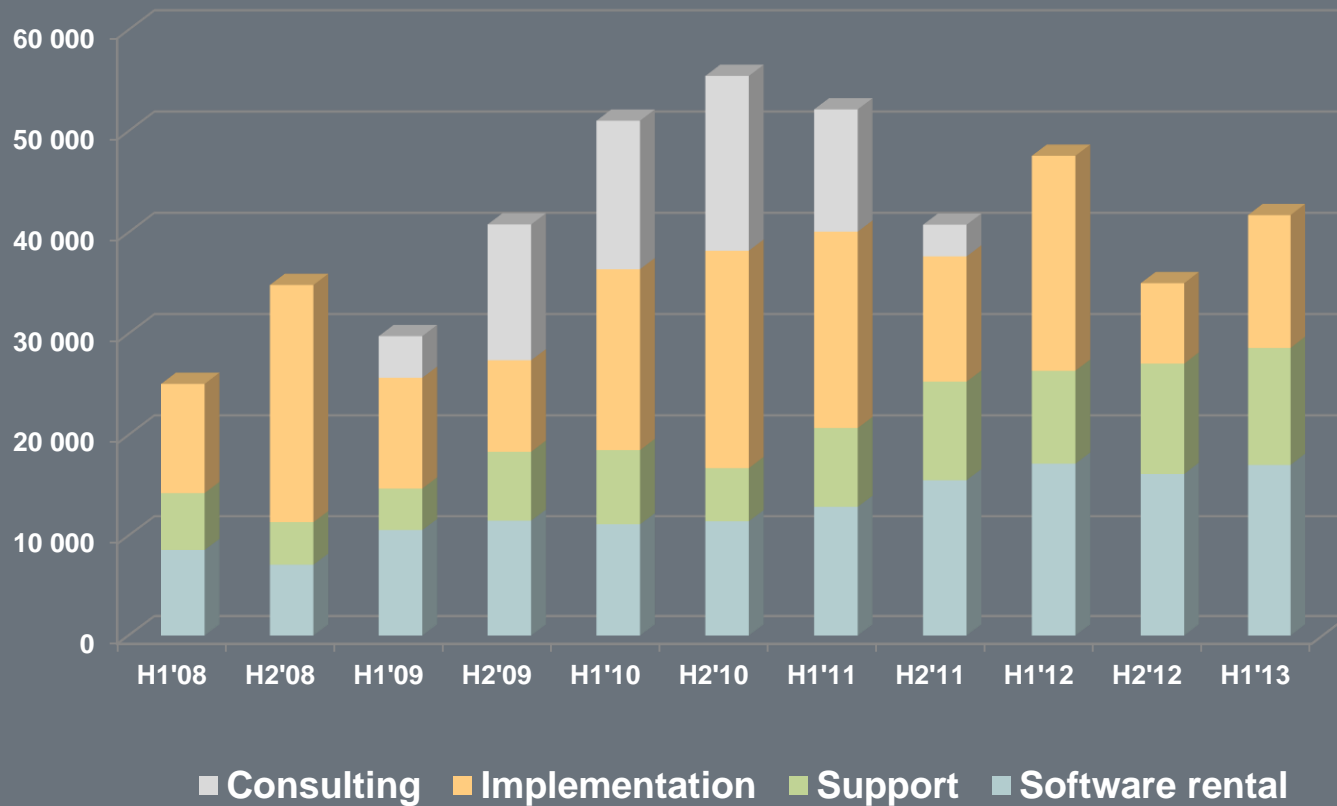


**The company produced a small profit
It looks as if it is turning?**

How does this compare to the past?

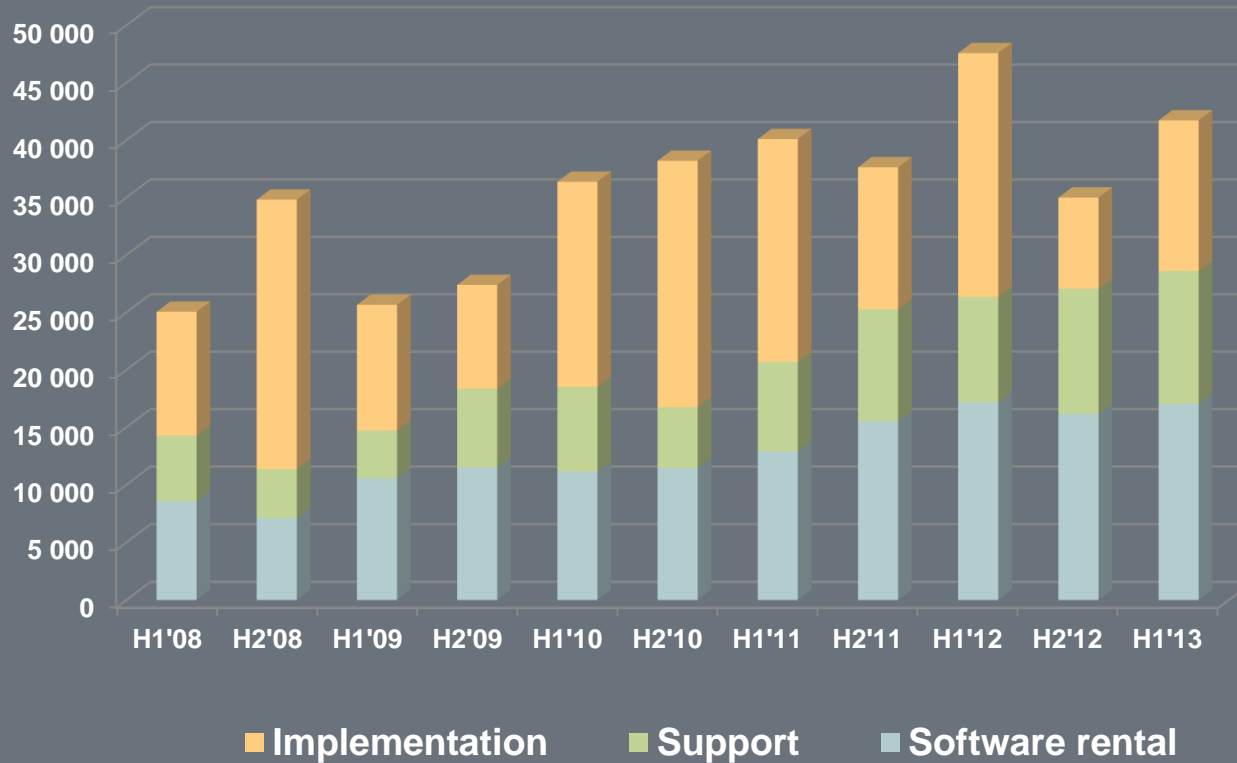
Yes, the business is turning!

Revenue composition



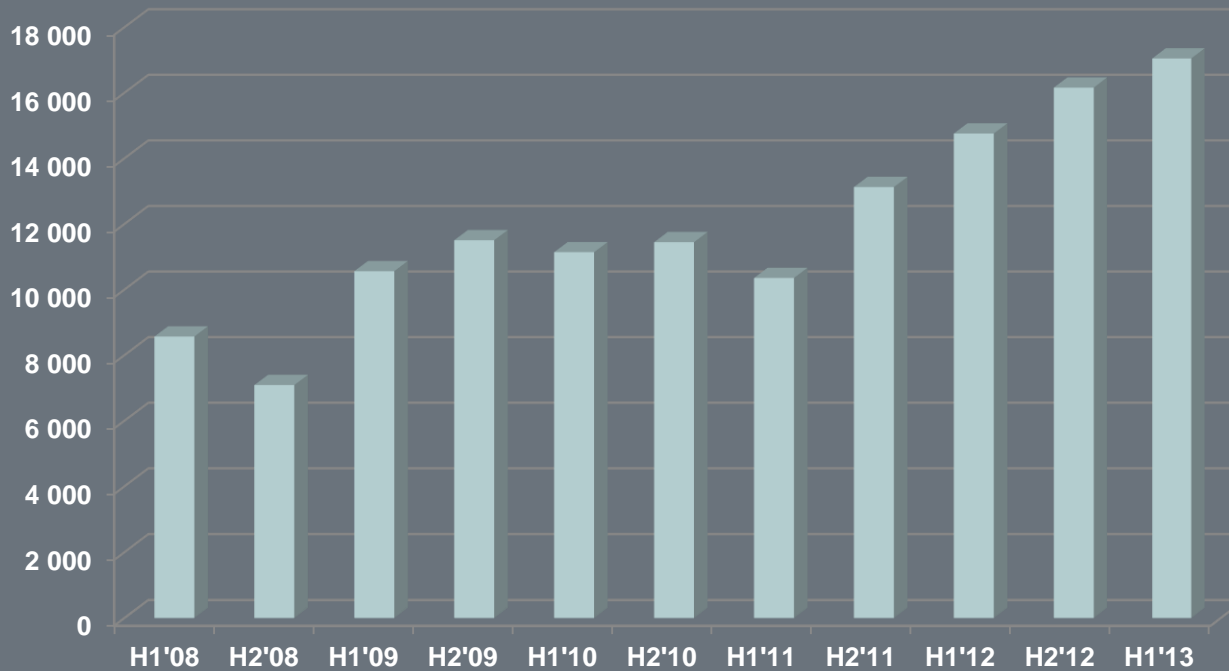
1. Business is growing in revenue terms

Let's take out consulting (ONZ)



2. Annuity revenue is growing

Software rental only*



*Excluding license fee

Software rental

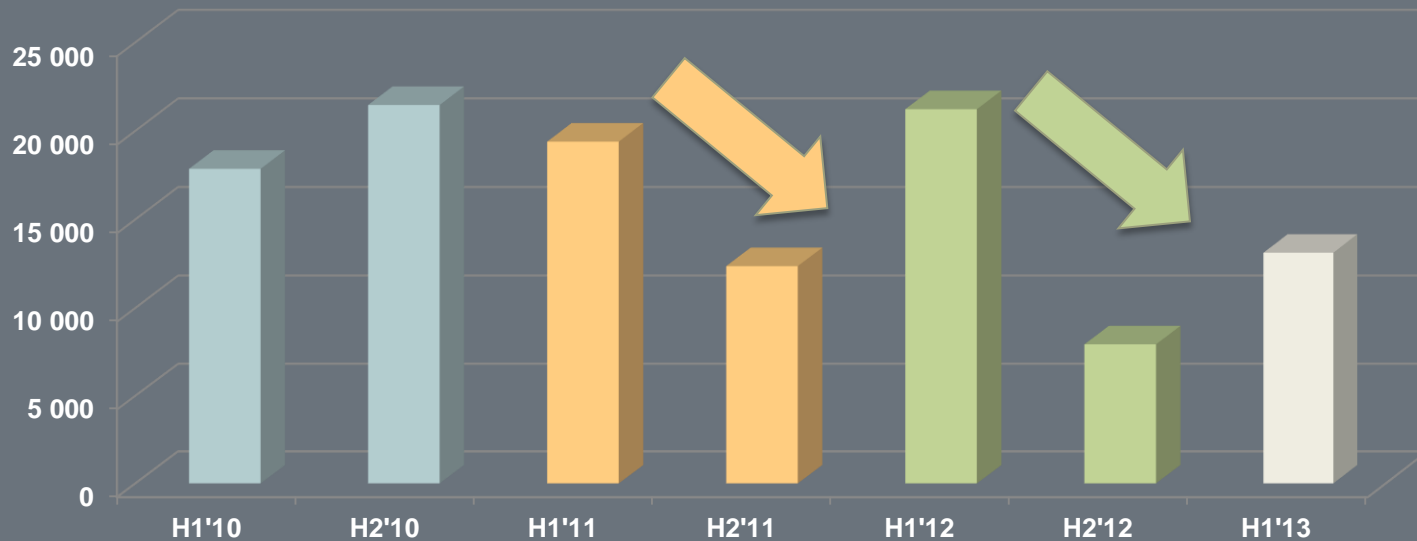
- Driven by the number of implementations and policies administered
- Rental (excl. license fee) up 15% from mainly new clients and small growth in usage
- Increasing our ability and capacity to implement & support with less risk is key
- Remains the core revenue stream of the business

R `000	H1 13	H2 12	H1 12
Rental	17 046	16 157	14 760
License fees	0	0	2 407
Total software rental	17 046	16 157	17 167

3. Our implementation revenue is based on DETAILED signed off deliverables

Implementation

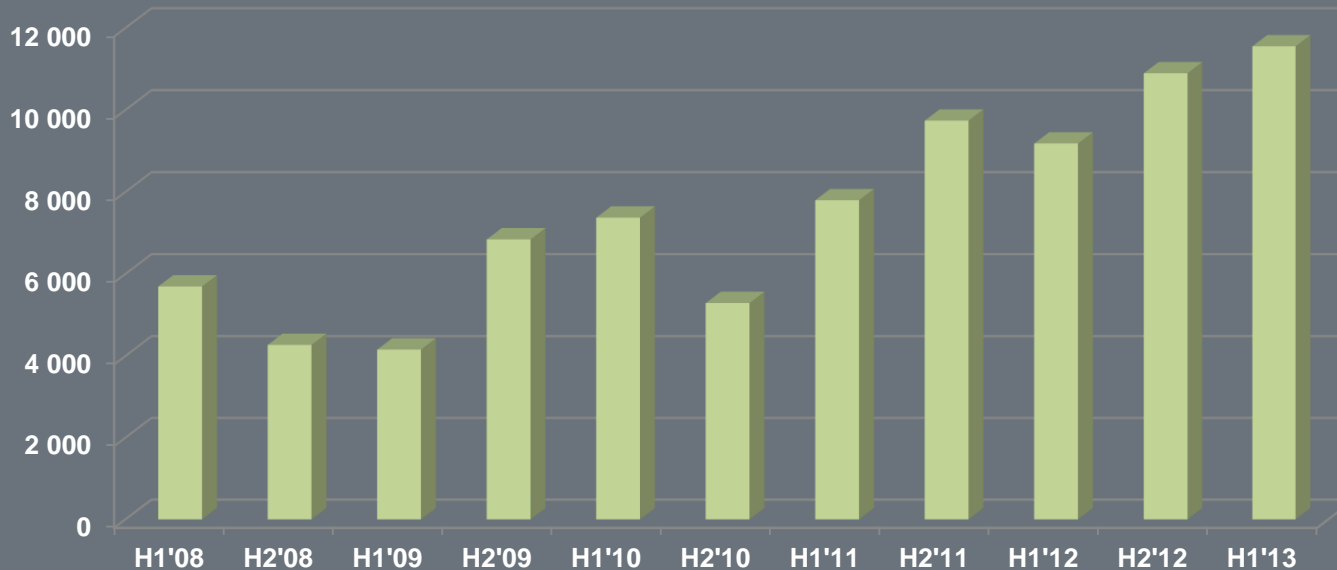
- In F2011 we exited projects as a result of design limitations
- In F2012 we completed projects at our own cost as a result of scope issues
- What have we done to improve?
 - Waterfall approach change to Agile (impact on revenue)
 - Extensive solution design in the NGL project
 - Investment in testing



4. We are better positioned to improve profitability of support (although the benefit will not come through immediately)

Support

- Investment in partnership and client enablement
- Support revenue likely to reduce – outsourced to clients and partners
- Profitability likely to improve



So what is the progress on profitability?

Implementation

- Sequential improvement from the second half last year
- Major contributing factor to the group's overall financial pressure
- Costs associated with Agile are high
- Management focus on Agile will improve margin

R `000	H1 13	H2 12	H1 12
Implementation revenue	13 120	8 604	20 567
Segment gross profit	1 714	(4 909)	5 754
Indirect cost	(5 490)	(7 452)	(8 129)
Segment result	(3 776)	(12 361)	(2 375)
Segment result %	(29%)	(144%)	(12%)

Support

- Revenue grew and a small segment profit was achieved
- Cost of 1st and 2nd line support is too high for us and the client
- Partner and client enablement for basic support is important
- SilverBridge to retain specialist support services

R `000	H1 13	H2 12	H1 12
Support revenue	11 554	10 897	9 184
Segment gross profit	3 958	4 042	2 524
Indirect cost	(3 656)	(3 779)	(3 655)
Segment result	302	263	(1 131)
Segment result %	3%	2%	(12%)

R&D

- Focused on further development of the SilverBridge Eco-Suite – a set of assets that forms a platform for implementing more efficiently and enabling partners and clients
- Investment in testing
- First partner implemented system has gone live

R `000	H1 13	H2 12	H1 12
R&D expensed	7 097	4 783	6 089
Indirect cost	3 415	2 638	3 342
Total R&D cost	10 512	7 421	9 431

So what is the progress on profitability?

- Cost of new implementation approach is high but is likely to stabilise with further management focus
- Partner and client enablement should improve profitability of support
- Investment into testing reduces project risk and improves quality

Financial overview

So what was the impact on the income statement?

Statement of comprehensive income

- Revenue up sequentially from H2 F2012 by 19%
- Increase in annuity revenue

6 Month period ended 31 December 2012

R `000	H1 13	H2 12	H1 12
Revenue	41 720	34 998	47 578

Statement of comprehensive income

- A sequential improvement from the second half of last year
- Achieved a small profit with encouraging signs of a recovery
- Costs down 9% from corresponding period

6 month period ended 31 December 2012

R `000	H1 13	H2 12	H1 12
Revenue	41 720	34 998	47 578
EBITDA	2 337	(3 551)	4 596
Operating profit/(loss)	827	(7 206)	3 103
Operating profit margin (%)	2%	(20%)	6%

Statement of comprehensive income

R `000	H1 13	H2 12	H1 12
Revenue	41 720	34 998	47 578
Operating profit/(loss)	827	(7 206)	3 103
Operating profit margin (%)	2%	(20%)	6%
Impairment loss recognised on non-financial assets	0	(466)	0
Impairment loss recognised on withholding tax	0	(2 140)	0
Loss with sale of subsidiary	0	(666)	0
Loss with disposal of associate	0	0	(76)
Net finance income	(40)	(56)	45
Taxation	(321)	1 870	(1 012)
Attributable earnings (loss)	466	(8 663)	2 060
Weighted average shares in issue	34 675	34 675	34 675
HEPS (cps)	1.3	(25.0)	5.9

How sustainable is the business from a cash flow perspective?

Working capital



Statement of financial position - assets

- Sufficient overdraft facilities in place
- Cash and working capital continue to be managed carefully

Period ended 31 December 2012

	H1 13	H2 12	H1 12
Non Current Assets	16 553	17 938	16 015
Current Assets	16 588	16 454	25 597
Trade and other receivables	13 341	10 388	10 029
Cash and cash equivalents	874	4 521	8 130
Income tax receivable	833	833	6 122
Revenue recognised not yet invoiced	1 540	712	1 316
Total Assets	33 141	34 392	41 612

Statement of financial position – equity and liabilities

- No debt
- Have not raised additional capital

Period ended 31 December 2012

R `000	H1 13	H2 12	H1 12
Equity	22 076	21 462	29 968
Non-current liabilities	0	0	40
Current liabilities	11 065	12 930	11 604
Total equity and liabilities	33 141	34 392	41 612

Summarised cash flow statement

	H1 13	H2 12	H1 12
Cash before working capital	1 819	(7 063)	3 076
Working capital impact	(5 037)	5 848	(9 702)
Cash utilised in operations	(3 218)	(1 215)	(6 626)
Net interest	(40)	(82)	45
Tax paid	(172)	-	(754)
Cash impact of operating activities	(3 430)	(1 297)	(7 335)
IT assets purchased	(241)	(177)	(1 055)
IT assets sold	24	16	20
Ones & Zeros minority payment	-	(1 950)	-
Cash effect of Acczone sell	-	(200)	-
Cash impact of investing activities	(217)	(2 311)	(1 035)
Financing activities	-	(1)	-
Net decrease in cash and cash equivalents	(3 647)	(3 609)	(8 370)
Cash in the beginning	4 521	8 130	16 500
Cash at the end	874	4 521	8 130

Financial overview conclusion

- Improvement of financial results compared to second half of last year
- Produced a profit with signs of recovery
- Good growth in annuity revenue
- Delivery and quality on track
- Enabling clients and partners is a key focus

Why have I resigned?

Reasons for my resignation

- For personal reasons
- I have been with the company for eight years
- As discussed the company is in a much better position than 12 months ago
- I have gained invaluable experience during this time
- I want to explore new opportunities

Business overview

SilverBridge business overview

We build our own software that enables financial services

We consult on the implementation of our software

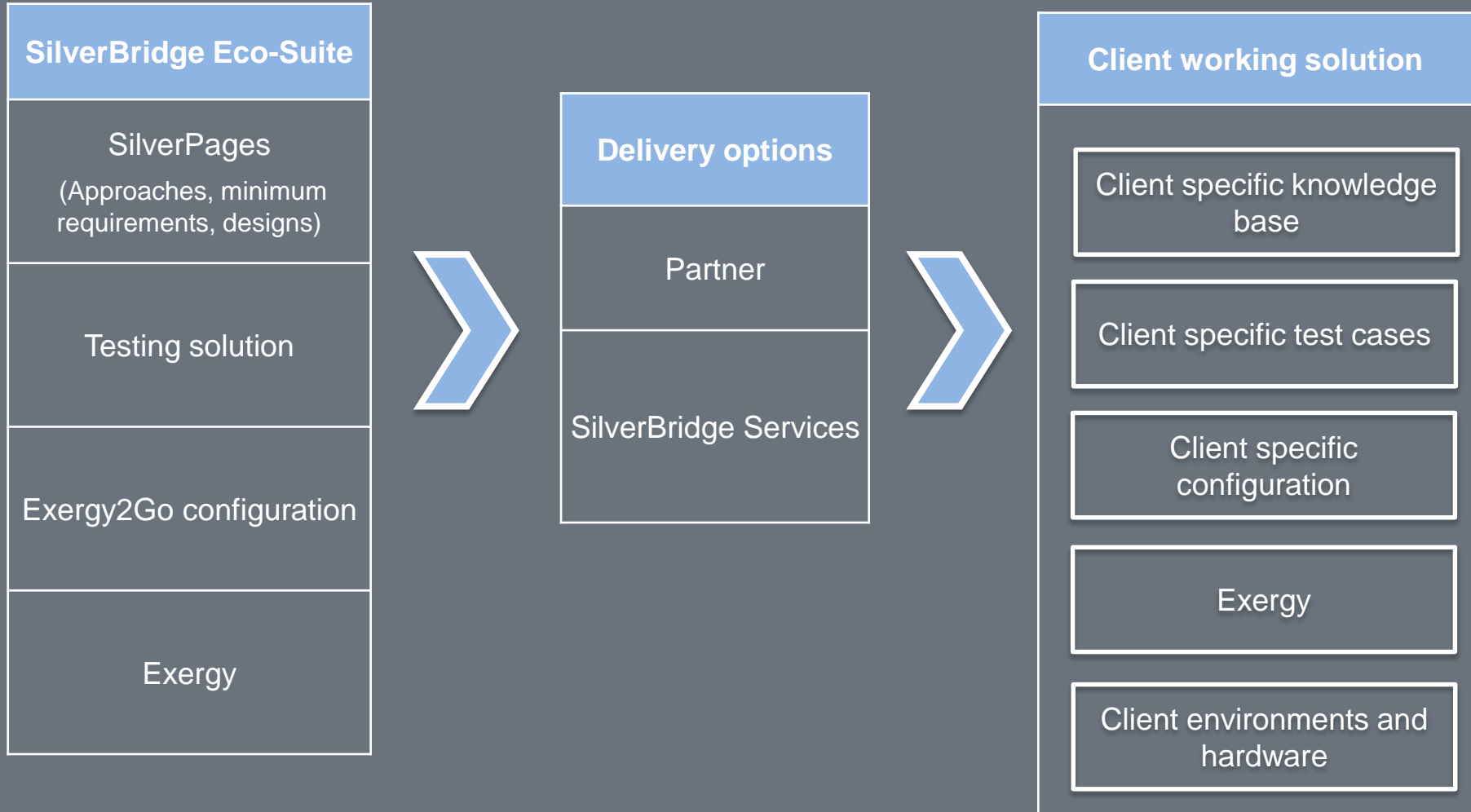
We implement and support our software*

We rent out our software for administration of life insurance contracts

*We are enabling partners and clients to implement and support our software

Preferred partners add complementary solutions to ours e.g. BI analytics and broker portals

Operational focus



Our position

Strong points

Strengths

- Financial services expertise
- Our own software
- Annuity revenue stream
- Customisable products and services

Opportunities

- Life insurance
- Mobile market
- Delivering through partners

Pressure points

Challenges

- Relatively small company
- Complexity of environment

Pressures

- Retaining specialist skills
- Dealing with Tier 1 clients

Strategic focus for the period ahead

Focus on our current markets in life assurance

Ensure that our offering meets the market's need for solutions that make their operations more efficient

Make sure that our investments build our competitive advantage

Enable partners and clients

In conclusion

We are making progress with our financial recovery

We are making progress with our partner enablement

We are focusing on making implementations simpler and improving quality

We are busy with major projects and securing new business

We continue to support our clients and partners

We continue to develop our partner and client enablement assets

Questions