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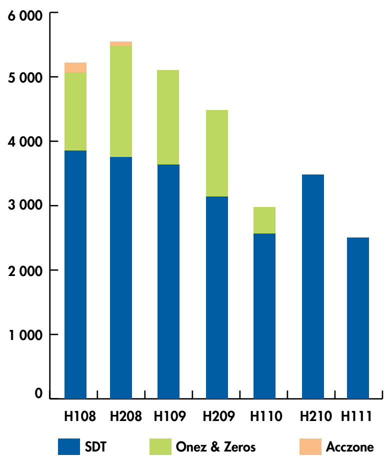
CONDENSED UNAUDITED GROUP INTERIM FINANCIAL STATEMENTS

for the six month period ended 31 August 2010

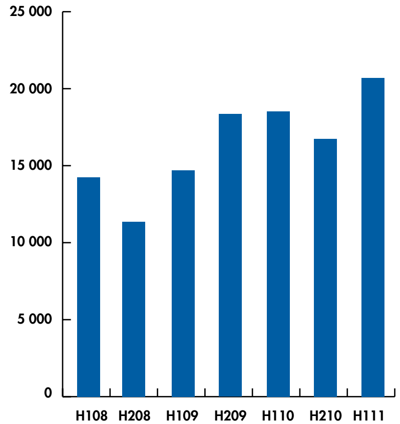
SILVERBRIDGE HOLDINGS

FINANCIAL HIGHLIGHTS for the six month period 31 August 2010

Revenue (R'000)



Annuity Income (R'000)



GROUP PROFILE

SilverBridge is Africa's leading provider of administration software and IT consultation in the financial services industry. Our expertise covers many financial services' verticals with a specific focus on banking and life assurance. Constant changes in the market require both an agile and innovative approach from financial services providers. SilverBridge has a track record of delivering solutions which enable our clients to be more successful in this challenging market. The future of financial services holds many challenges for providers; the speed at which technology is changing and influencing the behaviour of new generations will require a new approach to financial services. SilverBridge is committed to being part of that new future. The Group operates through the following three subsidiaries:

SDT Financial Software Solutions (Proprietary) Limited (SDT) – Life insurance administration

SDT was established in 1995 and has developed and streamlined its own software which it sells on a rental model. SDT offers life assurance companies quick time to market, reduced contract administration costs and enhanced customer service. SDT's flagship software, Exergy, with its supporting services, is packaged to meet the needs of the different market segments in which it operates.

Ones `n Zeros Professional Services (SA) (Proprietary) Limited (Ones & Zeros) – Consulting

Founded In 1997, Ones & Zeros is an established IT management consulting business. Its approach is to bring people and technology together. Services include strategic systems implementation and consulting, which align business processes with an organisation's overall IT strategy. It has well established relationships within the banking sector that add to the credibility of the Group.

Acczone Systems (Proprietary) Limited (Acczone) – Loans administration

Acczone was established in 1998 and has a core competency in the delivery of business systems solutions in the loan administration sector, which encompasses interest-bearing credit and debt administration.

FINANCIAL REVIEW

The financial performance of the Group for the six months to 31 August 2010 was disappointing primarily owing to delivery on projects being delayed or misaligned with client expectations. More specifically:

- It was a challenging period at SDT delivering on simultaneous complex projects. Some project milestones were not met leading to delayed revenue recognition and/or cost recoveries.
- The SDT delivery environment has been critically reviewed and corrective action has been taken. Some skills have been realigned and a higher level of skills has been brought in. The exercise required a retrenchment process, which has been completed.
- The Acczone acquisition has increased the overall cost base, however it has not delivered the expected increase in revenue.
- Acczone has also been critically reviewed and corrective action has been taken. This included a retrenchment process to reduce the cost base.

Despite the temporary delays in revenue recognition, we have maintained our revenue at the same level as the comparative period. The corrective actions taken have reduced our cost base to be in line with the cost levels of the comparative period. We are confident that the market presents sufficient opportunities and that we have taken the right steps to rectify the challenges outlined above.

OPERATIONAL HIGHLIGHTS

We have made good progress with implementing the Exergy system for new clients in SDT's market. We are applying an improved implementation methodology in the ABSA implementation, a large project that was won last financial year. The current consulting market offers smaller, highly competitive opportunities. Although Ones & Zeros experienced a challenging market, it has successfully migrated from a single contract consulting firm to one that is managing multiple engagements.

GROUP OUTLOOK

Our strategy at SilverBridge remains focused on building our annuity revenue base. Annuity income consists of software rental and contracted support revenue. These are driven and preceded by consulting, implementation and customisation engagements.

The financial crisis has led to challenging current economic conditions as was expected. Within consulting, we have seen a shift from high-value long-term engagements towards smaller, price sensitive opportunities. Clients' decision cycles have lengthened with more assurance work required before final decisions are made, thus increasing pre-sales costs.

However, the environment has also led to new opportunities as financial service institutions search for ways to reduce costs and improve services to their customers. SilverBridge's offerings are well positioned to meet these needs. Despite the challenging and competitive environment, the group sees numerous positive opportunities.

The outlook remains positive. Our annuity revenue creates a base for the Group to grow and we have taken the view that we need to protect our revenue streams. We have therefore supported our clients to resolve problems in their environments. The corrective actions we have taken this period have aligned our group better to current market requirements and should improve delivery capability and financial performance.

Unaudited Condensed Consolidated Statement of Comprehensive Income

for the six month period ended 31 August 2010

	Unaudited six months ended 31 August 2010 R'000	Unaudited six months ended 31 August 2009 R'000	**Percentage Change** %	Audited 12 months ended 28 February 2010 R'000
Revenue	**52 162**	51 040	2	106 508
Other income	**55**	513		1 232
Other expenses	**(50 664)**	(43 134)		(86 052)
Finance income	**435**	702		1 001
Finance expense	**(1)**	(169)		(517)
Profit before taxation	**1 987**	8 952		22 172
Taxation	**(9)**	(2 761)		(6 012)
Profit and total comprehensive income for the period	**1 978**	6 191	**(68)**	16 160
Net profit and total comprehensive income attributable to:				
Equity holders of the parent	**1 136**	5 151		13 540
Non-controlling interest	**842**	1 040		2 620
	1 978	6 191	(68)	16 160
Number of shares in issue ('000)	34 675	34 232		34 675
Weighted average number of shares in issue ('000)	34 675	33 773		34 034
Basic earnings per share (cents)	3.3	15.3	(78)	39.8
Headline earnings per share (cents)	3.3	15.0	(78)	39.7
Diluted earnings per share (cents)	3.2	15.0	(79)	32.4
Diluted headline earnings per share (cents)	3.2	14.8	(78)	32.3
Reconciliation of headline and diluted headline earnings				
Basic and diluted earnings	**1 136**	5 151		13 540
Adjusted for gain on disposal of equipment	**–**	(79)		(15)
Headline and diluted headline earnings	**1 136**	5 072		13 525

SILVERBRIDGE
HOLDINGS

Unaudited Condensed Consolidated Statement of Financial Position

for the six month period ended 31 August 2010

	Unaudited as at 31 August 2010 R'000	Unaudited as at 31 August 2009 R'000	Audited as at 28 February 2010 R'000
ASSETS			
Non-Current Assets			
Equipment	**3 068**	2 325	2 229
Intangible assets	**29 766**	20 459	38 095
Investments	**–**	38	–
Investment in associate	**110**	101	110
Deferred tax assets	**4 432**	4 465	2 148
Total Non-Current Assets	**37 376**	27 388	42 582
Current Assets			
Income tax receivable	**5 804**	6 148	5 700
Revenue recognised not yet invoiced	**8 799**	6 266	6 657
Trade and other receivables	**16 231**	16 096	15 364
Cash and cash equivalents	**11 353**	14 219	14 432
Total Current Assets	**42 187**	42 729	42 153
Total Assets	**79 563**	70 117	84 735
EQUITY AND LIABILITIES			
Capital and Reserves			
Issued capital	**348**	342	348
Share premium	**11 869**	9 502	11 871
Acquisition shares	**–**	1 362	–
Treasury shares	**(197)**	(197)	(197)
Share based payment reserve	**279**	–	91
Retained earnings	**41 249**	33 396	41 798
Total equity attributable to equity holders of the parent	**53 548**	44 405	53 911
Non-controlling interest	**4 724**	2 302	3 881
Total Equity	**58 272**	46 707	57 792
Current Liabilities			
Deferred revenue	**3 537**	2 778	1 314
Trade and other payables and provisions	**17 754**	20 632	25 629
Total Current Liabilities	**21 291**	23 410	26 943
Total Equity and Liabilities	**79 563**	70 117	84 735
Net asset value per share (cents)	**167.5**	133.5	166.2
Net tangible asset per value per share (cents)	**82.0**	76.7	56.6

SILVERBRIDGE
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Unaudited Condensed Consolidated Statement of Changes in Equity

for the six month period ended 31 August 2010

	Unaudited six months ended 31 August 2010 R'000	Unaudited six months ended 31 August 2009 R'000	Audited 12 months ended 28 February 2010 R'000
Opening balance	**57 792**	43 244	43 244
Profit for the period attributable to equity holders of the parent	**1 136**	5 151	13 540
Non-controlling interest	**842**	1 040	2 620
Total comprehensive income for the period	**1 978**	6 191	16 160
Allotment of shares	**–**	(458)	551
Share Capital	**–**	6	12
Share Premium	**–**	898	3 263
Acquisition shares	**–**	(1 362)	(2 724)
Equity settled share based payment	**214**	–	91
Minority interest in dividend payment by subsidiary	**–**	(2 270)	(2 270)
Dividend paid by holding company	**(1 712)**		
Capital distribution amount not exercised	**–**	–	16
Closing Balance	**58 272**	46 707	57 792

SILVERBRIDGE
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Unaudited Condensed Consolidated Statement of Cash Flows

for the six month period ended 31 August 2010

	Unaudited six months ended 31 August 2010 R'000	Unaudited six months ended 31 August 2009 R'000	Audited 12 months ended 28 February 2010 R'000
Cash generated from operations	**1 334**	7 353	18 777
Interest received	**231**	702	939
Interest paid	**(1)**	–	(10)
Minority interest in dividends paid by subsidiary	**–**	(2 270)	(2 270)
Taxation paid	**(903)**	(4 727)	(6 201)
STC paid	**–**	(463)	(463)
Net cash (outflow)/inflow from operating activities	**661**	595	10 772
Cash flows from investing activities			
Plant and equipment acquired to expand operations	**(1 440)**	(1 076)	(1 734)
Proceeds from sale of equipment		12	104
Acquisition of Ones & Zeros		–	(3 535)
Acquisition of Acczone		–	(3 241)
Listing fees set off against share premium on the issue of shares			(8)
Increase in investment		(38)	–
Capitalisation of development costs	**(2 300)**	(411)	(2 759)
Net cash inflow/(outflow) from investing activities	**(3 740)**	(1 513)	(11 173)
Cash flows from financing activities			
Capital distribution from share premium	**–**	(961)	–
Reduction in liability of previous period's capital distribution from share premium	**–**	–	(1 265)
Net cash outflow from financing activities	**–**	(961)	(1 265)
Net (decrease)/increase in cash and cash equivalents	**(3 079)**	(1 879)	(1 666)
Cash and cash equivalents at the beginning of the period	**14 432**	16 098	16 098
Cash and cash equivalents at the end of the period	**11 353**	14 219	14 432

SILVERBRIDGE
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Unaudited Condensed Consolidated segment reports

for the six month period ended 31 August 2010

Business segment report

	Total R'000	Implementation services R'000	Support services R'000	Research & development R'000	Consulting income R'000	Software rental & other R'000
Unaudited six months ended 31 August 2010						
Segment total revenue	**52 657**	**19 396**	**7 800**	**30**	**12 539**	**12 892**
Segment revenue inter-company	**(495)**	**–**	**–**	**(30)**	**(465)**	**–**
Segment revenue external	**52 162**	**19 396**	**7 800**	**–**	**12 074**	**12 892**
Direct segment cost	**(33 737)**	**(12 877)**	**(7 024)**	**(5 686)**	**(8 150)**	**–**
Cost capitalised	**2 300**	**–**	**–**	**2 300**	**–**	**–**
Segment gross profit	**20 725**	**6 519**	**776**	**(3 386)**	**3 924**	**12 892**
Indirect segment cost	**(14 424)**	**(6 650)**	**(3 825)**	**(1 922)**	**(2 027)**	**–**
Segment result	**6 301**	**(131)**	**(3 049)**	**(5 308)**	**1 897**	**12 892**
Unallocated expenses	**(4 748)**					
Operating profit	**1 553**					
Finance income	**435**					
Finance expense	**(1)**					
Income tax expense	**(9)**					
Profit for the period	**1 978**					

	Total R'000	Implementation services R'000	Support services R'000	Research & development R'000	Consulting income R'000	Software rental & other R'000
Audited 12 months ended 28 February 2010						
Segment revenue from external clients	106 508	39 326	12 667	–	31 931	22 584
Segment revenue inter-company	–	–	–	–	–	–
Direct segment cost	(54 891)	(19 856)	(7 414)	(9 108)	(18 513)	–
Cost capitalised	2 759	–	–	2 759	–	–
Segment gross profit	54 376	19 470	5 253	(6 349)	13 418	22 584
Indirect segment cost	(26 351)	(11 176)	(4 172)	(4 760)	(6 243)	–
Segment result	28 025	8 294	1 081	(11 109)	7 175	22 584
Unallocated expenses	(6 346)					
Operating profit	21 679					
Finance income	1 001					
Finance expense	(517)					
Share of profit in associate	9					
Income tax expense	(6 012)					
Profit for the period	16 160					

SILVERBRIDGE
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Unaudited Condensed Consolidated Segments reports

for the six month period ended 31 August 2010

Business segment report (continued)

	Total R'000	Implementation services R'000	Support services R'000	Research & development R'000	Consulting income R'000	Software rental & other R'000
Unaudited six months ended 31 August 2009						
Segment revenue from external clients	51 040	17 860	7 375	–	14 665	11 140
Segment revenue inter-company	–	–	–	–	–	–
Direct segment cost	(26 186)	(9 514)	(3 520)	(4 158)	(8 994)	–
Cost capitalised	411	–	–	411	–	–
Segment gross profit	25 265	8 346	3 855	(3 747)	5 671	11 140
Indirect segment cost	(11 908)	(5 346)	(1 977)	(2 336)	(2 249)	–
Segment result	13 357	3 000	1 878	(6 083)	3 422	11 140
Unallocated expenses	(4 938)					
Operating profit	8 419					
Finance income	702					
Finance expense	(169)					
Share of profit in associate	–					
Income tax expense	(2 761)					
Profit for the period	6 191					

SILVERBRIDGE HOLDINGS

COMMENTARY

1. ACCOUNTING POLICIES

1.1. Basis of presentation

The accounting policies applied in the preparation of these condensed interim financial statements, which are based on reasonable judgments and estimates, are in accordance with International Financial Reporting Standards ("IFRS") and are consistent with those applied in the annual financial statements for the year ended 28 February 2010. These condensed financial statements as set out in this report have been prepared in terms of IAS 34 – Interim Financial Reporting, the Companies Act, 1973 (Act 61 of 1973), as amended, and the Listings Requirements of JSE Limited.

The interim results have not been audited or reviewed by the group's auditors.

1.2. Deferred revenue and revenue recognised 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 based on the contracts. The Group is in a net asset position which means it will increase working capital. The assets will be converted to accounts receivable in the short-term.

	Unaudited six months ended 31 August 2010 R'000	Unaudited six months ended 31 August 2009 R'000	Audited 12 months ended 28 February 2010 R'000
Current asset			
Revenue recognised not yet invoiced	**8 799**	6 266	6 657
Current liability			
Deferred revenue	**(3 537)**	(2 778)	(1 314)
Net asset	**5 262**	3 488	5 343

1.3. Revenue per geographical segments

	Total R'000	**South Africa R'000**	**Other African countries* R'000**
Unaudited six months ended 31 August 2010	**52 162**	**35 279**	**16 883**
Audited 12 months ended 28 February 2010	106 508	70 293	36 215
Unaudited six months ended 31 August 2009	51 040	32 736	18 304

* Other African countries include Kenya, Malawi, Nigeria, Ghana, Namibia, Lesotho, Swaziland and Zimbabwe.

SILVERBRIDGE HOLDINGS

1.4. Trade and other payables

	Unaudited six months ended 31 August 2010 R'000	Unaudited six months Ended 31 August 2009 R'000	Audited 12 months ended 28 February 2010 R'000
Trade payables	**2 019**	1 518	734
Withholding tax rebate payable	**4 477**	7 502	5 860
VAT payable	**305**	601	489
Leave accrual	**1 465**	1 313	1 621
Liability on capital reduction	**29**	359	29
Liability on dividend payment	**1 712**	–	–
Other payables (accruals)	**6 061**	8 139	5 159
Ones & Zeros purchase price liability	**–**	1 200	–
Acczone purchase price liability	**1 686**	–	11 737
Total	**17 754**	20 632	25 629

2. CORPORATE ACTIVITY

2.1 Acquisition of Ones & Zerosa

The Ones & Zeros acquisition is now finalised. All profit warranties were met and exceeded. The full consideration was paid in previous financial years.

2.2 Acquisition of Acczone

Referring to the SENS announcement on 8 December 2009, SilverBridge acquired the loans administration system business through the wholly-owned subsidiary Acczone Systems (Proprietary) Limited. In terms of the purchase agreement, the purchase consideration will, over time, be settled partly in cash and partly by the issue of new SilverBridge ordinary shares based on the performance of the business.

The performance of the business subsequent to the 2010 year end, indicated that the profit after tax will be substantially lower than the original projections for purposes of determining the cost of the acquisition and in effect the value of the goodwill. The settlement structure based on the adjusted estimated contingent purchase consideration of the acquisition is as follows:

	R'000
First settlement:	
Cash payment	**3 000**
Acquisition cost	**241**
Total first settlement paid in cash	**3 241**
Outstanding consideration	
Original estimation	**11 737**
Adjustment on value	**(10 051)**
Adjusted outstanding consideration to be settled as follows:	
815 625 shares at R1.50	**1 223**
Cash stated at fair value (cash payment of R543 750)	**463**
Total	**1 686**
Goodwill recognised at acquisition	**14 196**
Change in estimate	**(9 846)**
Goodwill as at 31 August 2010	**4 350**

2.3 **Changes to the board**

- Mr Dinga Madubela was appointed as a non-executive director with effect from 14 July 2010;
- Ms Nthabiseng Mokone resigned as a non-executive director with effect from 14 July 2010; and
- Mr David Smollan, a non-executive director, retired by rotation on 25 June 2010.

2.4 **Dividends and Capital distribution**

No dividend or capital distribution was declared for the interim period under review. It is the policy of the Group is to consider dividend payments or capital distributions at the end of the financial year.

2.5 **Subsequent events**

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

3. **FINANCIAL RESULTS AND PERFORMANCE**

The Group produced disappointing results for the six months under review. It was mainly a result of increased delivery complexity within SDT, which resulted in delayed revenue recognition and additional costs for corrective measures. Higher value and more complex engagements required a higher level of expertise. We responded by:

- contracting in a higher level of management skills including project management;
- retrenching skills not required;
- improving resourcing on projects behind schedule and
- maintaining control of delivery milestones on other projects.

The acquisition of Acczone, a loan administration provider, increased the cost base of the Group without delivering the expected revenue. As a result, its cost base was reduced to align with revenue expectations. Given the lower profit levels, we adjusted our projections of the cost of the acquisition, which will reduce the final payment to the vendors.

The performance of the Group resulted in an operating cash outflow of R3.3 million. Management believes that the corrective measures taken will improve the results and the cash flow position in the period ahead. Debtors remains under control with a focus on collection. Expected cash payments to the Vendors of Acczone have also reduced as a result of the performance of the company.

Segmental review

Consulting - Consulting revenue in the Group is generated by Ones & Zeros. The company experienced the challenge of diversifying its business from being focused on a high-value long-term engagement to several smaller more price sensitive projects. While the transition has been successful, it has led to margin pressure. The Group had anticipated this change and the consulting segment performed as expected. While the focus has traditionally been on the banking sector, this is being expanded to the life insurance industry by working closely with SDT.

Implementation - Implementation income is derived from once-off project engagements and revenue is recognised as a project delivers on agreed implementation outcomes. This segment had the most significant impact on the current performance of the Group. Delivery on projects was either delayed or misaligned with client expectations. Corrective action has been taken regarding a realignment of the skills base. This should improve the delivery capability, revenue recognition and cost recoveries from clients.

Support - Support income is primarily monthly contracted although some of it is ad hoc support to the existing client base. It represents support of an implemented client solution, either remotely or at the client's site. Support revenue from SDT was below expectation as current clients reduced their ad hoc support requirements from budget constraints. The Acczone acquisition increased the support cost base without generating the corresponding support revenue. Their support revenue model needs to be adjusted to be in line with the Group's annuity revenue model.

Software rental – Software rental is annuity based. It is mainly dependent on usage, which increases with the number of contracts or policies administered on the system. Software rental typically grows slowly over time as long as the client continues using the system. Delays in implementation meant no new software rental clients for the period under review. However, all existing customers were maintained. Corrective action taken in the implementation area should enable new software rental clients to be added in future periods.

Research and development – The increase in research and development costs, and specifically the increase in the capitalisation cost, is a direct result of the development of the loans administration system in Acczone. R1.5 million was capitalised on the loan administration system and R 800 000 in SDT. The Group also embarked on a project to create documented implementation methodologies to improve service delivery and ensure cross-utilisation of skills within the Group.

On behalf of the board of directors

Andile Sangqu
Chairman

Jaco Swanepoel
Chief Executive Officer

Pretoria
19 October 2010

SILVERBRIDGE HOLDINGS

SILVERBRIDGE HOLDINGS

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
Andile Sangqu (Chairman)*,
Jaco Swanepoel (CEO),
Jeremy de Villiers **, Dinga Madubela *,
Tyrrel Murray*, Sandra Duetsch,
Jaco Maritz, Sphelele Sangweni***.
(All the directors are South African citizens).
* Non-executive
**Independent non-executive
***Alternate director

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Jaco Swanepoel, Gawie Erasmus,
Jaco Maritz, Leon du Rand*
(All the directors are South African citizens).
* Non-executive

DIRECTORS OF ONES & ZEROS
Sandra Duetsch, Amanda Newell, Jaco Swanepoel,
Jaco Maritz. Leon du Rand*
(All the directors are South African citizens).
* Non-executive

DIRECTORS OF ACCZONE
Ben Pieters, Jaco Swanepoel, Jaco Maritz.
(All the directors are South African citizens).

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