+60%	+59%	+54%	+45%	+21%
Annuity revenue	Revenue	EBITDA	Cash generated from operations	HEPS and EPS

UCS

Audited financial results for the year ended 30 September 2004

Income statement for the year ended 30 September 2004

	2004 R'000	Restated* 2003 R'000	% change
Revenue	**486 292**	306 218	58,8
Profit from operations before interest, depreciation, research and development and exceptional items	**81 298**	65 391	24,3
Research and development expenditure	**(20 907)**	(24 239)	(13,8)
Depreciation and amortisation	**(35 106)**	(20 461)	71,6
Provision for deficit on defined benefit fund terminated	**–**	(1 910)	(100,0)
Profit before investment income and interest	**25 285**	18 781	34,6
Investment income excluding interest received	**9 152**	9 927	(7,8)
Interest received	**4 315**	5 668	(23,8)
Interest paid	**(11 354)**	(10 469)	8,5
Profit before taxation	**27 398**	23 907	14,6
Taxation	**(2 257)**	(4 380)	(48,5)
Profit after taxation	**25 141**	19 527	28,8
Minority shareholder's portion of subsidiary earnings	**(510)**	(294)	73,5
Net profit for the period	**24 631**	19 233	28,1
Earnings per share (cents)	**10,4**	8,6	20,9
Adjusted for:			
Amortisation of goodwill	**1,5**	0,6	
Provision for deficit on defined benefit fund terminated	**–**	0,6	
Headline earnings per share (cents)	**11,9**	9,8*	21,4
Diluted earnings per share (cents)	**9,3**	7,3	27,4
Dividends per share (cents)	**4,3**	3,8	13,2
Net asset value per share (cents)	**82,7**	77,5	6,7
Ordinary shares in issue (excluding shares held in treasury) ('000)	**239 453**	221 973	7,9
Weighted average ordinary shares in issue ('000)	**237 909**	223 366	6,5

Balance sheet at 30 September 2004

	2004 R'000	Restated 2003 R'000
ASSETS		
Non-current assets	**182 098**	163 860
Property, plant and equipment	**42 494**	53 570
Intangible assets	**117 586**	90 305
Investments and loans receivable	**5 635**	7 784
Deferred taxation	**16 383**	12 201
Current assets	**137 797**	148 561
Inventory	**6 816**	5 325
Trade and other receivables	**79 474**	66 257
Cash and cash equivalents	**51 015**	73 908
Taxation	**492**	3 071
Total assets	**319 895**	312 421
EQUITY AND LIABILITIES		
Capital and reserves		
Shareholder's interest	**198 109**	171 944
Minority interest	**810**	352
Non-current liabilities	**25 050**	33 914
Long and medium-term loans	**2 625**	3 800
Revenue received in advance	**22 425**	30 114
Current liabilities	**95 926**	106 211
Trade and other payables	**62 069**	49 802
Provisions	**17 609**	19 727
Current portion of long-term loans	**2 735**	24 238
Revenue received in advance	**12 341**	10 190
Taxation	**1 172**	2 254
Total equity and liabilities	**319 895**	312 421

Statement of changes in equity for the year ended 30 September 2004

	Share capital R'000	Preference share capital R'000	Share premium R'000	Distributable reserves R'000	Total R'000
Balance at 30 September 2003 as previously reported	1 110	–	50 256	120 573	171 939
Prior year adjustment for staff share trust consolidation				5	5
Restated balance at 30 September 2003	1 110	–	50 256	120 578	171 944
Ordinary shares issued at a premium	87		10 401		10 488
Preference shares issued at a premium		40(1)	1 269(1)		1 309
Share issue expenses			(50)		(50)
Net profit for the year				24 631	24 631
Dividend paid				(10 213)	(10 213)
Balance at 30 September 2004	1 197	40	61 876	134 996	198 109

(1) The Company intends making an application to the court in terms of section 97 of the Companies Act to convert authorised medium-risk preference shares to authorised high-risk preference shares.

Cash flow statement for the year ended 30 September 2004

	2004 R'000	Restated 2003 R'000	% change
Cash flow from operating activities	**40 485**	40 088	1,0
Cash generated from operations	**60 209**	41 479	45,2
Working capital changes	**(6 681)**	9 869	
Cash generated from operating activities	**53 528**	51 348	
Investment income and net finance cost	**2 113**	5 126	
Dividend paid	**(10 213)**	(8 419)	
Taxation	**(4 943)**	(7 967)	
Cash (applied to)/from investing activities	**(45 017)**	11 851	(479,9)
Cash applied to financing activities	**(18 361)**	(41 131)	(55,4)
Cash and cash equivalents			
– Net (decrease)/increase	**(22 893)**	10 808	
– At beginning of the year	**73 908**	63 100	
– At end of the year	**51 015**	73 908	(30,9)

Commentary

The year to end September 2004 marked the first full reporting period in which the Group undertook a number of proactive projects aimed at consolidating certain of its investments into larger, more specifically focused business entities based on unification under the UCS brand.

It is against this background that the financial results for the year to September 2004 reflect continued and pleasing strong growth in turnover and market share.

Total revenues grew strongly by 59 percent to R486 million, with annuity revenues up 60 percent to R280 million. Due to delays in certain large customer projects, organic growth was limited to only three percent, with the balance (56 percent) of the growth attributable to current and prior year acquisitions.

Annuity revenues, a cornerstone of the Group's business philosophy, improved from 57 to 58 percent of total turnover. Operating income (before interest, research and development, depreciation, amortisation and exceptionals) grew by 24 percent to R81 million. Earnings per share were up by 21 percent to 10,4 cents while headline earnings per share were also up 21 percent to 11,9 cents. The quality of these earnings is highlighted by the 45 percent growth in cash generated from operations.

During the year, substantial repayments of short-term debt from the Affinity Logic acquisition were made. The balance sheet reflects this with a reduction in loans owing from R28 million to R5 million – down to less than three percent of equity.

The cash position reduced by R23 million to R51 million as the Group applied R45 million to investing activities and R18 million to financing activities. The enlarged business also required additional working capital which management will continue to pay close attention to going forward.

The current ratio of 1.44:1 (2003 1.4:1) is still below the Group's minimum policy target of 1.5:1 and this will continue to receive attention in the year ahead.

CONSOLIDATION

During the year the Group merged four of its six retail software businesses into a single trading entity, UCS Software (Pty) Ltd. This project also created a state-of-the-art retail application software manufacturing facility that is housed under UCS Software Manufacturing (Pty) Ltd. This new facility is based on strict adherence to exacting international standards and is designed to position UCS to succeed in the highly competitive export market. The Group also acquired the going concern business of Branch Software (Pty) Ltd directly into the newly merged UCS Software operation with effect from June 2004.

Affinity Logic (Pty) Ltd, acquired in September 2003, was re-branded as UCS Solutions (Pty) Ltd and has, under an effective and professional management team, achieved core profitability.

TRADING ENVIRONMENT

The continuation of challenging trading conditions, together with delays in certain large customer projects, hampered organic growth efforts and kept trading margins under pressure.

For the fourth successive year prices for IT products and services were governed by a buyer's market with intense competition for the limited new business available. However, as reported last year, the same challenging conditions apply to all players in the market and the Group's historical and fundamental commitment to the generation of sustainable annuity revenue streams enabled it to grow its market share and revenue.

On the international front the Group opened an office in the United Kingdom (London). Although the sales pipeline in the UK looks promising, deal-flow, particularly for UCS's packaged offerings through dealers, was below expectations. On a more positive note, the Group concluded a distribution agreement for retail software with a significant IT company headquartered in Saudi Arabia that is strongly positioned in the retail sector. It is planned that this partner will develop a significant channel for UCS products throughout the Middle East.

All costs associated with international business development continue to be expensed as incurred.

ACQUISITIONS DURING THE YEAR

Effective 1 June 2004 the going concern business of Branch Software (Pty) Ltd was acquired by UCS Software (Pty) Ltd for R8,5 million in cash with the final R0,5 million of the purchase price outstanding and to be settled on 30 May 2005. Branch Software focuses primarily on the forecourt and convenience store market and provides a solution that runs on the Microsoft operating system.

Simultaneously with the acquisition of the Branch Software business, the rights to a device known as the forecourt service controller (FSC) was acquired from a Branch Software (Pty) Ltd sister company, Figment Design Laboratories (Pty) Ltd. The acquisition of this intellectual property for R2 million was split into three equal cash payments with the final payment of R666 667 outstanding and due on 30 May 2005.

PROSPECTS

Although it was forecast that the extremely challenging and turbulent IT market conditions experienced over the past four years would improve during 2004, there was little evidence of this. It is also significant to note that while the South African retail sector, the Group's primary target market, is currently extremely buoyant and experiencing phenomenal growth, the "boom" is taking place in what can be generally described as a deflationary environment. Under these circumstances many retailers have concentrated more on cost containment than on technology-driven business improvements based on new IT investments.

The Group's focus on the generation of sustainable annuity streams means that overhead structures grow in advance of new business billings and delays on installations have a short-term negative impact on margins. The delays with certain large customer projects experienced recently means that these roll-outs will now only get under way after the peak retail trading season in December. It is therefore expected that the Group will experience a relatively challenging start to the year ahead with a stronger performance anticipated for the second six-month period to September 2005.

SOFTWARE, SOLUTIONS, SERVICES

Given these scenarios, management has again adopted a conservative view for prospects in the year to September 2005, although the current order books provide a strong indication that the Group should produce acceptable growth for the full year.

The benefits of the software business consolidation strategy should begin to bear fruit this year in terms of improving margins, although it must be re-iterated that the first half of the year is expected to be very challenging in this regard.

DIVIDEND DECLARATION

Notice is hereby given that the board of directors has declared a final dividend of 2,3 cents per ordinary share in respect of the year ended 30 September 2004. The dividend will be paid on Monday, 7 February 2005.

To comply with the procedures of STRATE, the last day to trade in the shares for the purpose of entitlement to the final dividend is Friday, 28 January 2005. The shares will commence trading ex dividend on Monday, 31 January 2005 and the record date will be Friday, 4 February 2005.

Share certificates may not be dematerialised or rematerialised between Monday, 31 January 2005 and Friday, 4 February 2005 both days inclusive.

AUDIT REPORT

These results have been audited by Kaplan & Kaplan and their unqualified audit report is available for inspection at the Group's registered office.

For and on behalf of the board

Adv RG Goodman, SC (Chairman)*
JD Bright (Chief Executive Officer)

Notes to the financial statements

ACCOUNTING POLICY

The financial statements have been prepared on the historical cost basis. Accounting policies used in preparing these financial statements comply with South African Statements of Generally Accepted Accounting Practice and are consistent with the accounting policies applied in the previous year with the exception of the consolidation of the UCS Group Limited Staff Share Trust.

1 Contingent tax liability

In the results announcement and the annual report for the financial year ended 30 September 2003 it was disclosed that there was a potential contingent liability in respect of tax that was reassessed for the UCS Solutions (Pty) Ltd (formerly Affinity Logic (Pty) Ltd) 1999, 2000 and 2001 financial years. A further update on this issue was included in the Group's interim results announcement published 6 May 2004 where it was disclosed that the objection had been rejected and that documentation had been submitted to progress to an alternate dispute resolution (ADR) process. To date this issue remains unresolved and the potential contingent liability for UCS Solutions amounts to R20,1 million.

2 Staff Share Trust*

In line with the recommendations by the JSE Securities Exchange South Africa to consolidate the employee share incentive scheme, the current year net profit increased by R0,3 million as a result of an increase in net interest received. The prior year comparative period has been restated with a net decrease in headline earnings of R1,2 million due to the cancellation of interest on the loan accounts to beneficiaries of the trust.

The actual and weighted average number of shares in issue for the comparative periods remained unchanged after consolidation of the trust. As a result of these amendments, the headline earnings per share has been restated for the 12 months ended 30 September 2003 from 10,3 to 9,8 cents.

** Change in accounting policy*

Board of directors

Richard Goodman, SC (Chairman)*, John Bright (Chief Executive Officer), Joseph Claasen*, Duncan Coles, Rebecca Eliot*+, Patrick Fitzgerald, Bryan Hattingh*, EB (Bert) Levenstein*, Neil Michelson (Chief Operating Officer), Dean Sparrow (Chief Financial Officer), Peter Terblanche*

* Non-executive + British

Company secretary
Duncan Coles

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Incorporated in the Republic of South Africa
Reg no 1993/002253/06
ISIN ZAE000016150
Share code UCS

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