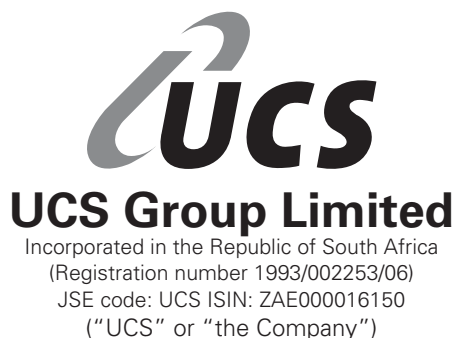


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this cover.

Action required

- If you are in any doubt as to the action you should take arising from this Circular, please consult your Broker, CSDP, banker, attorney, accountant or other professional adviser immediately.
- If you have disposed of all or any of your Shares in UCS, please forward this Circular to the purchaser of such Shares or to the Broker, CSDP, banker, accountant, attorney or other agent through whom the disposal was effected.



Circular to UCS Shareholders

Regarding, *inter alia*:

- the granting of Shareholder approval for the Disposal by UCS of the Sale Shares and Sale Claims in certain of its subsidiaries to BCG;
- the proposed distribution *in specie* of the Consideration Shares by UCS to its Shareholders by way of an Unbundling in terms of Section 90 of the Act and in accordance with section 46 of the Income Tax Act; and
- the granting of Shareholder approval to effect the distribution of such Consideration Shares to Shareholders in terms of the Listings Requirements and the Act;

and incorporating:

- a notice convening the General Meeting; and
 - a Form of Proxy (for use by Holders of Certificated Shares and Dematerialised Shares with "own name" registration only).
-

Corporate Adviser and Sponsor

ONE CAPITAL

Attorneys

GLYN MARAIS
in association with SNR DENTON ^{CA}

Independent Reporting Accountants

Deloitte.
Deloitte & Touche
Registered Auditors

Independent Professional Expert

Deloitte.
Corporate Finance Division
Deloitte & Touche

Tax Adviser

BG *Bowman Gilfillan*
Attorneys

Competition Law Adviser

✓ ANI CHETTY
COMPETITION LAW

CORPORATE INFORMATION

Registered Office

UCS Group Limited
(Registration number 1993/002253/06)
20th Floor
209 Smit Street
Johannesburg, 2001
(PO Box 31266, Braamfontein, 2017)

Date of incorporation: 29 April 1993

Place of incorporation: South Africa

Corporate Adviser and Sponsor

One Capital
(Barnard Jacobs Mellet Corporate Finance (Proprietary)
Limited, a wholly owned subsidiary of One Capital)
17 Fricker Road
Illovo, 2196
(PO Box 784573, Sandton, 2146)

Independent Professional Expert

Deloitte & Touche
Building 6, The Woodlands
Woodlands Drive
Woodmead
Sandton, 2196
(Private Bag X6, Gallo Manor, 2052)

Tax Adviser

Bowman Gilfillan Inc.
165 West Street
Sandton, 2196
(PO Box 785812, Sandton, 2146)

Competition Law Adviser

Vani Chetty Competition Law (Proprietary) Limited
1st Floor, 24 Hurlingham Road
Illovo Boulevard
Illovo, 2196
(PO Box 962, Northlands, 2116)

Company Secretary

Corporate Governance CC
Chartered Secretaries
(represented by Mr Clive Kneale)
(Registration number 1994/023438/23)
1126 Colonial Way Eagle Canyon Golf Estate
Honeydew, 2109
(PO Box 279, Randpark Ridge, 2156)

Attorneys

Glyn Marais Inc.
2nd Floor, The Place
1 Sandton Drive
Sandton, 2196
(PO Box 652361, Benmore, 2010)

Transfer Secretaries

Link Market Services South Africa
(Proprietary) Limited
16th Floor, 11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Independent Reporting Accountants

Deloitte & Touche
Building 1 & 2, The Woodlands
Woodlands Drive
Woodmead
Sandton, 2196
(Private Bag X6, Gallo Manor, 2052)

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ACTION REQUIRED BY SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this document apply *mutatis mutandis* to this Section.

This Circular is important and requires your immediate attention. If you are in any doubt as to what action to take, please consult your Broker, CSDP, banker, accountant, attorney or other financial adviser.

If you have disposed of your Shares, this Circular should be forwarded to the purchaser of such Shares or the Broker, CSDP or other agent through whom the disposal was effected.

Please take careful note of the following provisions regarding the action required by UCS Shareholders.

1. VOTING AND ATTENDANCE AT THE GENERAL MEETING

The General Meeting will be held at 15:00 on Thursday, 31 March 2011 at the registered office of UCS, being 20th Floor, 209 Smit Street, Braamfontein, Johannesburg, to vote on the Resolutions set out in the notice of General Meeting attached to this Circular.

1.1 If you have Dematerialised your Shares other than with "own-name" Registration:

1.1.1 Voting at the General Meeting

Your Broker or CSDP should contact you to ascertain how you wish to cast your vote at the General Meeting and thereafter will cast your vote in accordance with your instructions.

If you have not been contacted by your Broker or CSDP it would be advisable for you to contact your Broker or CSDP and furnish them with your voting instructions.

If your Broker or CSDP does not obtain voting instructions from you, it will be obliged to vote in accordance with the instructions contained in the custody agreement concluded between you and your Broker or CSDP.

You must **not** complete the attached Form of Proxy for the General Meeting.

1.1.2 Attendance and representation at the General Meeting

In accordance with the mandate between you and your Broker or CSDP you must advise your Broker or CSDP if you wish to attend the General Meeting and your Broker or CSDP will issue the necessary letter of representation to you to attend the General Meeting.

1.2 If you have not Dematerialised your Shares or if you have Dematerialised your Shares with "own-name" registration:

1.2.1 Voting and attendance at the General Meeting

You may attend the General Meeting in person and may vote at the General Meeting.

Alternatively, you may appoint a proxy to represent you at the General Meeting by completing the attached Form of Proxy for the General Meeting in accordance with the instructions it contains and return it to the Transfer Secretaries, at Link Market Services South Africa (Proprietary) Limited, 16th Floor, 11 Diagonal Street, Johannesburg, 2001 (PO Box 4844, Johannesburg, 2000) to be received by no later than 15:00 on Tuesday, 29 March 2011.

If you hold Certificated Shares and wish to Dematerialise such Shares, please contact your Broker or CSDP.

SALIENT DATES AND TIMES

2011

Circular posted to UCS Shareholders	Wednesday, 9 March
Last day to lodge Forms of Proxy in respect of the General Meeting by 15:00 on	Tuesday, 29 March
General Meeting of UCS Shareholders to be held at 15:00 on	Thursday, 31 March
Results of the General Meeting released on SENS on	Thursday, 31 March
Results of the General Meeting published in the press on	Friday, 1 April
Expected Provisional Unbundling Entitlement Ratio and dates of Unbundling finalised	Thursday, 5 May
Expected first business day immediately preceding the Last Day to Trade	Thursday, 12 May
Expected last trading day in Shares on the JSE in order to participate in the Unbundling	Friday, 13 May
Expected date on which the Consideration Shares commence trading	Monday, 16 May
Expected date on which a Shareholder must be recorded in the share register of UCS to participate in the Unbundling	Friday, 20 May
Expected date on which the Unbundling occurs	Monday, 23 May
Expected date on which Dematerialised Shareholders will have their accounts with their CSDP or Broker updated with the unbundled BCG Shares	Monday, 23 May
Expected date on which share certificates in respect of the unbundled BCG Shares will be posted, by registered post, at the risk of the Certificated Shareholders concerned, to Certificated Shareholders	Monday, 23 May

Notes:

1. These dates and times are subject to change. Any such change will be published on SENS and in the press. All times referred to in this Circular are to South African Standard Time. **Please note that the dates relating to the Unbundling as set out above are indicative, based on the assumption that the last Condition Precedent will be fulfilled on 29 April 2011. The dates of the Unbundling will change should the last Condition Precedent be fulfilled before or after 29 April 2011 (should UCS and BCG agree to extend the date of a Condition Precedent in writing).**
2. If the General Meeting is adjourned or postponed, Forms of Proxy must be received by no later than 48 hours prior to the time of the adjourned or postponed General Meeting, provided that, for the purpose of calculating the latest time by which Forms of Proxy must be received, Saturdays, Sundays and gazetted public holidays in South Africa will be excluded.
3. Copies of this Circular are available from the registered office of the Company and the Transfer Secretaries at the addresses set out in the "Corporate information" section of this Circular during normal office hours from Wednesday, 9 March 2011 to Thursday, 31 March 2011, both days inclusive.
4. As the salient dates and times are subject to change, they may not be regarded as consent or dispensation for any time periods which may be required in terms of the SRP Code, where applicable, and any such consents or dispensations must be specifically applied for and granted.

DEFINITIONS

In this Circular, unless otherwise stated or the context so requires, the words in the first column have the meanings stated opposite them in the second column, words in the singular shall include the plural and *vice versa*, words denoting one gender include the other and expressions denoting natural persons include juristic persons and associations of persons:

“30 day VWAP”	the volume weighted average traded price of BCG Shares on the JSE for the 30 trading days ended on 30 September 2010, being R5.77;
“Accsys”	Accsys (Proprietary) Limited (registered address: 20th floor, 209 Smit Street, Braamfontein, 2001), registration number 1998/011208/07, a limited liability private company duly incorporated in accordance with the laws of South Africa on 11 June 1988, being a wholly owned subsidiary of UCS;
“Accsys Sale Claims”	the amount owing by Accsys to UCS as set out in the Sale Claims Schedule plus all amounts lent and advanced by any company in the UCS Group to Accsys between the Signature Date and the Effective Date;
“Accsys Sale Equity”	the Accsys Sale Shares and the Accsys Sale Claims;
“Accsys Sale Shares”	1 000 ordinary shares in the issued ordinary share capital of Accsys having a par value of R1.00 each, constituting 100% of the entire issued share capital of Accsys as at the Signature Date, the Effective Date and at Closing;
“Act”	the Companies Act 1973, as amended;
“Actual NPAT”	the actual value of the NPAT for the Earn-out Period as determined from the audited financial management accounts for each of the Disposal Entities for the financial year ending 30 September 2011;
“Agreement Accounts”	the audited management accounts in respect of each Disposal Entity as at and in respect of the financial year ended 30 September 2010;
“the Agreement”	the sale of shares and claims agreement entered into between BCG and UCS on 14 December 2010, as amended by the First Addendum, Second Addendum and Third Addendum;
“Articles”	the articles of association of UCS;
“Attorneys”	Glyn Marais Incorporated, registration number 1990/000849/21, a limited liability company duly incorporated in accordance with the laws of South Africa;
“Authorised Dealer”	a person authorised to deal in foreign exchange as contemplated in the Exchange Control Regulations;
“BBBEE”	Broad-Based Black Economic Empowerment;
“BCG”	Business Connexion Group Limited, registration number 1988/005282/06, a limited liability public company duly incorporated in accordance with the laws of South Africa and registered on the main board of the JSE;
“BCG Group”	BCG and any subsidiaries of BCG (including their subsidiaries);
“BCG Material Adverse Condition”	an event, matter or circumstance, or any combination of such events, matters or circumstances, excluding any distributions to shareholders made in the ordinary course, which individually or in the aggregate has or will give rise to a reduction of R75 000 000 or more in the consolidated net asset value of the BCG Group, valued at their historical cost less provisions and depreciation and excluding all revaluations, less the total liabilities of the BCG Group;

“BCG Shares”	the shares in the issued ordinary share capital of BCG having a par value of R0.0059 each;
“BCG Warranties”	the warranties, representations and undertakings in annexure 2 of the Agreement and otherwise expressly given by BCG to UCS in terms of the Agreement;
“BCX”	Business Connexion (Proprietary) Limited, registration number 1993/003683/07, a limited liability private company duly incorporated in accordance with the laws of South Africa, and a subsidiary of BCG;
“BEE Act”	the Broad-Based Black Economic Empowerment Act, 2003, as amended;
“BEE Ownership Status”	the level of ownership by Black People in BCG, being Black People who are Participants who are entitled to at least 25% plus one share of the Exercisable Voting Rights and Economic Interest in BCG;
“Black People”	“black people” as that term is defined in the BEE Act, read with the Codes and “Black Person” shall have a corresponding meaning;
“Board” or “Directors”	the board of directors of UCS as at the Last Practicable Date;
“Broker”	any person registered as a “broking member (equities)” in accordance with the provisions of the Securities Services Act;
“Businesses”	collectively the business carried on by each of the Disposal Entities, details of which are set out in paragraph 2.18 of this Circular and “Business” shall have a corresponding meaning;
“Business Day”	any day other than a Saturday, Sunday or public holiday in South Africa;
“Call Option”	the option granted by UCS to BCG to acquire the Destiny E-Commerce Sale Claims (or the remaining portion thereof) for R1;
“CEB Maintenance”	CEB Maintenance Africa (Proprietary) Limited (registered address: 10 Archimedes Street, Kramerville, Johannesburg, 2148), registration number 2005/014622/07, a limited liability private company duly incorporated in accordance with the laws of South Africa on 12 May 2005, being a wholly owned subsidiary of UCS Solutions Holdings, as at the Signature Date, which in turn is a wholly owned subsidiary of UCS;
“CEB Maintenance Sale Claims”	the amount owing by CEB Maintenance to UCS Solutions Holdings on the Signature Date which shall be transferred to UCS prior to the Effective Date as set out in the Sale Claims Schedule, plus all amounts lent and advanced by UCS Solutions Holdings and/or any company in the UCS Group, as the case may be, to CEB Maintenance, between the Signature Date and the Effective Date;
“CEB Maintenance Sale Equity”	the CEB Maintenance Sale Shares and the CEB Maintenance Sale Claims;
“CEB Maintenance Sale Shares”	100 ordinary shares in the issued ordinary share capital of CEB Maintenance having a par value of R1.00 each, constituting 100% of the entire issued share capital of CEB Maintenance as at the Signature Date, the Effective Date and at Closing;
“Certificated Shares”	Shares that have not been Dematerialised;
“Certificated Shareholders” or “Holders of Certificated Shares”	Shareholders who have not Dematerialised their Shares;
“CGT”	Capital Gains Tax as levied in terms of the Eighth Schedule to the Income Tax Act 1962, as amended;
“Circular”	this circular to Shareholders, the attached Form of Proxy and all annexures contained herein, dated 9 March 2011;

“Closing”	the meeting of UCS and BCG representatives on the Effective Date, for purposes of closing the Transaction as contemplated in clause 14 of the Agreement;
“Codes”	the Codes of Good Practice on Black Economic Empowerment, published under section 9 (1) of the BEE Act, in Government Gazette number 29617 on 9 February 2007, as amended;
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Competition Law Adviser”	Vani Chetty Competition Law (Proprietary) Limited, registration number 2007/009553/07, a limited liability private company duly incorporated in accordance with the laws of South Africa;
“Computerkit Holdings”	Computerkit Holdings (Proprietary) Limited, registration number 2000/007105/07, a limited liability private company duly incorporated in accordance with the laws of South Africa, being a wholly owned subsidiary of UCS;
“Conditions Precedent”	the remaining conditions precedent to the Transaction set out in paragraph 2.17 of this Circular;
“Consideration Shares”	such number of BCG Shares as is equal to the Minimum Consideration Shares, provided that to the extent that the number of Minimum Consideration Shares constitute less than UCS’ Minimum Shareholding as at the dates referred to in clause 10.1 of the Agreement, BCG shall allot and issue such number of additional BCG Shares to UCS in accordance with the provisions of clause 9.1.1 of the Agreement in order to ensure that UCS will hold UCS’ Minimum Shareholding;
“Consideration Share Warranty Period”	<p>the period commencing on the Effective Date and ending on the earlier of the:</p> <ul style="list-style-type: none"> • Unbundling Date; and • expiry of the Earn-out Period; <p>provided that the Consideration Share Warranty Period shall be deemed to have terminated on the expiry of the Initial Warranty Period if:</p> <ul style="list-style-type: none"> • UCS fails to take all such steps as are within its power to procure that the Unbundling occurs on the Unbundling Date; or • any third party obtains an interdict preventing the Unbundling from occurring on the Unbundling Date and such interdict has not been set aside or otherwise resolved prior to the expiry of the Initial Warranty Period;
“Corporate Adviser and Sponsor” or “One Capital”	One Capital Advisory (Proprietary) Limited, registration number 2009/021943/07, and its wholly owned subsidiary Barnard Jacobs Mellet Corporate Finance (Proprietary) Limited, registration number 2000/023249/07, trading as One Capital, being limited liability private companies duly incorporated in accordance with the laws of South Africa;
“CSDP”	Central Securities Depository Participant, as defined in section 1 of the Securities Services Act;
“Current Account Claims”	all amounts owing by each Disposal Entity to UCS or any company within the UCS Group on trading account as at the Effective Date, as reflected in the Sale Claims Schedule and which claims will be retained by UCS or the relevant company within the UCS Group, as the case may be, and will not be transferred to BCG;

“De-grouping Tax Liability”	a contingent tax liability estimated, as at the Signature Date, to amount to between R18 000 000 and R20 000 000, which UCS Technology Services could become liable to pay to the South African revenue authorities as a result of the de-grouping of UCS Technology Services on the Effective Date;
“Dematerialised”	the process by which physical share certificates are replaced with electronic records evidencing ownership of shares for the purpose of Strate, being “uncertificated securities” as defined in section 91A of the Act;
“Dematerialised Shares”	Shares that have been dematerialised;
“Dematerialised Shareholders ” or “Holders of Dematerialised Shares”	Shareholders who hold Dematerialised Shares;
“Destiny E-Commerce”	Destiny Electronic Commerce (Proprietary) Limited (registered address: 1st Floor, Block F, Hurlingham Office Park, Woodlands Drive, Woodmead, 2196), registration number 1989/001502/07, a limited liability private company duly incorporated in accordance with the laws of South Africa on 14 March 1989, being a 70% subsidiary of Computerkit Holdings, as at the Signature Date, which in turn is a wholly owned subsidiary of UCS;
“Destiny E-Commerce Sale Claims”	the amount owing by Destiny E-Commerce to Computerkit Holdings on the Signature Date, which shall be transferred to UCS prior to the Effective Date, as set out in the Sale Claims Schedule, plus all amounts lent and advanced by Computerkit Holdings and/or any company in the UCS Group, as the case may be, to Destiny E-Commerce, between the Signature Date and the Effective Date, which claims are subordinated in favour of Nedbank Limited;
“Destiny E-Commerce Sale Equity”	the Destiny E-Commerce Sale Shares;
“Destiny E-Commerce Sale Shares”	560 ordinary shares in the issued ordinary share capital of Destiny E-Commerce having a par value of R0.50 each, constituting 70% of the entire issued share capital of Destiny E-Commerce as at the Signature Date, the Effective Date and at Closing;
“the Disposal”	the disposal by UCS of the Sale Equity to BCG;
“Disposal Entities”	collectively: Accsys, CEB Maintenance, Destiny E-Commerce, UCS Solutions and UCS Technology Services, also referred to as the Target Companies in the Agreement;
“Distribution”	any distribution whatsoever to Shareholders, including distributions by way of dividends (including dividends <i>in specie</i>), capital reduction, share repurchases, fees, interest payments, royalties, repayment of loan accounts and the like;
“Earn-out Period”	the period commencing on 1 October 2010 and ending 30 September 2011, being the 2011 financial year of each of the Disposal Entities;
“Economic Interest”	a Participant’s claim against BCG representing a return on ownership in BCG, measured in accordance with the flow-through and/or modified flow-through principles, as the case may be, as set out in the Codes;
“Effective Date”	the first business day immediately preceding the Last Day to Trade;
“Exchange Control Regulations”	the Exchange Control Regulations 1961, as amended, issued in terms of section 9 of the Currency and Exchanges Act 1933, as amended;

“Exercisable Voting Rights”	a voting right attaching to an instrument owned by or held on behalf of a Participant, that may be exercised at a general meeting of the shareholders of BCG, measured in accordance with the flow-through and/or modified flow-through principles, as the case may be, as set out in the Codes, and that is not subject to any limitation;
“Finalisation Date”	the date on which the Finalisation Date Announcement is released by UCS on SENS, which shall fall no later than 3 business days after the date on which the last of the Conditions Precedent have been fulfilled or waived, as the case may be;
“Finalisation Date Announcement”	the finalisation information (as defined in the Listings Requirements) with respect to the Unbundling to be released on SENS by UCS on the Finalisation Date;
“First Addendum”	the first addendum to the Agreement dated 17 February 2011;
“Foreign Shareholder”	a UCS Shareholder who is resident in, or who is a national or citizen of, or who has a registered address in a country other than South Africa;
“Form of Proxy”	the form of proxy attached to and forming part of this Circular (for use only by Certificated Shareholders and Dematerialised Shareholders with “own-name” registration);
“General Meeting”	the general meeting of Shareholders to be held at 15:00 on Thursday, 31 March 2011 at 20th Floor, 209 Smit Street, Braamfontein;
“Governmental Body”	any country, any national body, any state, province, municipality, or subdivision of any of the foregoing, any Governmental department, or any agency, court, entity, commission, board, ministry, bureau, locality or authority of any of the foregoing, or any quasi-Governmental or private body exercising any regulatory, taxing, importing, exporting, or other Governmental or quasi-Governmental function;
“the Group”	UCS and its associates and subsidiaries, including joint ventures where appropriate, from time to time;
“Group Treasury Share Entity”	any subsidiary of the Company holding treasury shares;
“HCL Deferred Purchase Consideration”	that portion of the purchase consideration which may become payable to UCS, pursuant to the cession contemplated in clause 2.1.84.3 of the Agreement in accordance with the provisions of clause 6 (in particular clause 6.1.3) of the sale of business agreement concluded between UCS Solutions, UCS Solutions Holdings, HCL Axon (Proprietary) Limited and Axon Group Limited on or about 16 July 2009, as amended from time to time;
“Identified Management”	those individuals forming part of senior management of the Disposal Entities who will continue to manage the Businesses and who will be eligible to participate in BCG’s existing management share incentive scheme for the purpose of incentivising such individuals to achieve BCG’s strategic medium and long term targets in respect of the Disposal Entities, as disclosed in the documents forming part of the UCS Data Room Documents;
“IFRS”	International Financial Reporting Standards as issued by the Board of the International Accounting Standards Committee from time to time;
“Income Tax Act”	the Income Tax Act 1962, as amended;
“Independent Professional Expert”	Deloitte & Touche Corporate Finance;
“Independent Reporting Accountants”	Deloitte & Touche, Registered Auditors;

“Initial Warranty Period”	the period commencing on the Effective Date and ending 3 months thereafter;
“Interim Period”	the period commencing on the Signature Date and ending on Closing;
“JSE”	JSE Limited, registration number 2005/022939/06, a limited liability public company duly incorporated in accordance with the laws of South Africa and licensed to operate as an exchange under the Securities Services Act;
“Last Day to Trade”	the last day to trade on the JSE to participate in the Unbundling, being the Friday following the week during which the Finalisation Date occurs, or such other day as the JSE may direct;
“Last Practicable Date”	Wednesday, 2 March 2011, being the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	the JSE Limited Listings Requirements, as amended;
“Minimum Consideration Shares”	101 243 118 BCG Shares allotted and issued at the 30 day VWAP, being an aggregate issue price of R584 172 791;
“Net Asset Value”	the aggregated net asset value of the Disposal Entities, being an amount equal to the aggregate of the total assets of the Disposal Entities, valued at their historical cost less provisions and depreciation and excluding all revaluations, less the total liabilities of the Disposal Entities;
“NPAT”	the aggregated net profit after tax of the Disposal Entities for the Earn-out Period, being the net income of the Disposal Entities after provision for any interest and taxation, but excluding all abnormal, extraordinary income, expenditure (which includes any IFRS required adjustment to the assets reflected in the Agreement Accounts in respect of each Disposal Entity’s balance sheet as at the Effective Date) and taxation;
“Participant”	a participant as defined in the Codes;
“Parties”	the parties to the Agreement, being BCG and UCS;
“Potential Sale”	subject to clause 26.5 of the Agreement, the sale by BCG of the entire issued share capital of any of the Disposal Entities, other than Destiny E-Commerce, and all claims on loan account held against such Disposal Entity, other than Destiny E-Commerce, or the sale by any of the Disposal Entities, including Destiny E-Commerce, of its Business;
“Prime Rate”	the publicly quoted basic rate of interest, compounded monthly in arrears and calculated on a 365 day year irrespective of whether or not the year is a leap year, from time to time published by Absa Bank Limited as being its prime overdraft rate, as certified by any representative of that bank whose appointment and designation it shall not be necessary to prove;
“Provisional Unbundling Entitlement Ratio”	the ratio of 0.34087 BCG Shares for every 1 UCS Share held (that is 34 BCG Shares for every one hundred UCS Shares held on the Unbundling Record Date, as adjusted pursuant to paragraph 2.4.3 (if applicable));
“Purchase Consideration”	the amount payable by BCG to UCS for the Sale Equity as set out in paragraph 2.2 of this Circular;
“Purchase Consideration Balance”	an amount equal to the balance of the Purchase Consideration payable by BCG to UCS for the Sale Equity, in terms of the Agreement, further details which are contained in paragraph 2.2 of this Circular;

“Registered Office”	the registered office of UCS being 20th Floor, 209 Smit Street, Braamfontein, Johannesburg, South Africa;
“Resolutions”	the ordinary and special resolutions to be approved by the requisite majority of UCS Shareholders at the General Meeting, which will authorise the Disposal and the Unbundling;
“Restraint Agreements”	the written agreements to be concluded between each Disposal Entity, UCS and each Company in the UCS Group, in terms of which, <i>inter alia</i> , each of UCS and each company in the UCS Group agree not to compete with the Businesses, which restraint agreements shall, unless the parties agree otherwise in writing, be in accordance with the restraint principles set out in Annexure 3 of the Agreement;
“Restructure”	<p>the restructure of CEB Maintenance, UCS Solutions and Destiny E-Commerce to be effected by UCS, CEB Maintenance, UCS Solutions, UCS Solutions Holdings, Destiny E-Commerce and Computerkit Holdings, as the case may be, as follows:</p> <ul style="list-style-type: none"> • UCS Solutions Holdings shall transfer the UCS Solutions Sale Equity and the CEB Maintenance Sale Equity to UCS prior to the Effective Date; • Computerkit Holdings shall transfer the Destiny E-Commerce Sale Claims and the Destiny E-Commerce Sale Equity to UCS prior to the Effective Date; • UCS Solutions shall cede and delegate to UCS, its rights in and the concomitant staff incentive cost obligations relating to the HCL Deferred Purchase Consideration, <p>pursuant to which UCS will directly hold the –</p> <ul style="list-style-type: none"> • CEB Maintenance Sale Equity; • UCS Solutions Sale Equity; • Destiny E-Commerce Sale Claims; • Destiny E-Commerce Sale Equity; and • rights in and concomitant staff incentive cost obligations relating to the HCL Deferred Purchase Consideration, <p>on or before the Effective Date;</p>
“Sale Claims”	collectively the Accsys Sale Claims, CEB Maintenance Sale Claims, UCS Solutions Sale Claims and the UCS Technology Services Sale Claims, but excluding the Current Account Claims;
“Sale Claims Schedule”	the schedule set out in Annexure 4 of the Agreement reflecting the amount of each Sale Claim;
“Sale Equity”	collectively the Sale Shares and Sale Claims;
“Sale Shares”	collectively the Accsys Sale Shares, CEB Maintenance Sale Shares, Destiny E-Commerce Sale Shares, UCS Solutions Sale Shares and UCS Technology Sale Shares;
“the Share Schemes”	collectively the UCS Staff Share Trust Share Option Scheme (Market priced share option scheme), UCS Staff Share Scheme II (Preference share scheme) and the Management Incentive Scheme (Zero Cost Incentive Scheme);
“Second Addendum”	the second addendum to the Agreement dated 24 February 2011;
“Securities Services Act” or “SSA”	Securities Services Act, 2004, as amended;
“SENS”	Securities Exchange News Service of the JSE;
“Shares”	ordinary shares with a par value of 0.5 cent each in the issued ordinary share capital of UCS;

"Shareholders" or "UCS Shareholders"	the registered holders of Shares;
"Signature Date"	the date of signature of the Agreement being 14 December 2010;
"South Africa" or "RSA"	the Republic of South Africa;
"SRP"	the Securities Regulation Panel established in terms of section 440B of the Act;
"SRP Code"	Securities Regulation Code on Takeovers and Mergers and Rules of the SRP, as amended;
"STC"	Secondary Tax on Companies levied in terms of section 64B of the Income Tax Act;
"Strate"	Strate Limited, registration number 1998/022242/06, a limited liability public company duly incorporated in the Republic of South Africa and which is a registered central securities depository responsible for the electronic custody and settlement system of the JSE;
"STT"	Securities Transfer Tax levied in terms of the Securities Transfer Tax Act, 2007, as amended;
"Target NPAT"	NPAT of R78 000 000, in respect of the Earn-out Period;
"Tax Adviser"	Bowman Gilfillan Incorporated, registration number 1998/021409/21, a company duly incorporated in accordance with the laws of South Africa;
"Third Addendum"	the third addendum to the Agreement dated 8 March 2011;
"the Transaction"	collectively the Disposal and the Unbundling;
"Transfer Secretaries"	Link Market Services South Africa (Proprietary) Limited, registration number 2000/007239/07, a limited liability private company duly incorporated in accordance with the laws of South Africa;
"UCS" or "the Company"	UCS Group Limited, registration number 1993/002253/06, a limited liability public company duly incorporated in accordance with the laws of South Africa and registered on the main board of the JSE;
"UCS Business Plan"	the document titled "Strategic Business Plan" which document was furnished to BCG and/or its advisers and listed in the documents included in the UCS Data Room Documents;
"UCS Data Room Documents"	the documents which were contained in the UCS data room;
"UCS Group"	UCS and any subsidiaries of UCS (including their subsidiaries), but specifically excluding the Disposal Entities;
"UCS Material Adverse Condition"	an event, matter or circumstance, or any combination of such events, matters or circumstances, excluding any of the Distributions referred to in clause 17 of the Agreement, which individually or in the aggregate has or will give rise to a reduction of R15 000 000 or more in the aggregate Net Asset Value;
"UCS Minimum Shareholding"	25% of the entire issued share capital of BCG (including treasury shares) plus 1 BCG Share;
"UCS Solutions"	UCS Solutions (Proprietary) Limited (registered address: 2nd Floor, ABB Park, the Crescent, 3 Eglin Road, Sunninghill), registration number 1996/014405/07, a limited liability private company duly incorporated in accordance with the laws of South Africa on 22 October 1996, being a wholly owned subsidiary of UCS Solutions Holdings, as at the Signature Date, which in turn is a wholly owned subsidiary of UCS;
"UCS Solutions Holdings"	UCS Solutions Holdings (Proprietary) Limited, registration number 1997/010424/07, a limited liability private company duly incorporated in accordance with the laws of South Africa being a wholly owned subsidiary of UCS;

“UCS Solutions Sale Claims”	the amount owing by UCS Solutions to UCS Solutions Holdings and/or UCS on the Signature Date which shall be transferred to UCS prior to the Effective Date, as set out in the Sale Claims Schedule plus all amounts advanced by UCS Solutions Holdings and/or UCS, as the case may be, to UCS Solutions between the Signature Date and the Effective Date;
“UCS Solutions Sale Equity”	the UCS Solutions Sale Shares and the UCS Solutions Sale Claims;
“UCS Solutions Sale Shares”	1 000 100 ordinary shares in the issued ordinary share capital of UCS Solutions having a par value of R0.01 each, constituting 100% of the entire issued share capital of UCS Solutions as at the Signature Date, the Effective Date and at Closing;
“UCS Technology Services”	UCS Technology Services (Proprietary) Limited (registered address: 20th Floor, 209 Smit Street, Braamfontein, 2001), registration number 1998/013893/07, a limited liability private company duly incorporated in accordance with the laws of South Africa on 20 July 1998, being a wholly owned subsidiary of UCS;
“UCS Technology Services Sale Claims”	the amount owing by UCS Technology Services to UCS, as set out in the Sale Claims Schedule, plus all amounts lent and advanced by any company in the UCS Group to UCS Technology Services between the Signature Date and the Effective Date;
“UCS Technology Services Sale Equity”	the UCS Technology Services Sale Shares and the UCS Technology Services Sale Claims;
“UCS Technology Services Sale Shares”	100 ordinary shares in the issued ordinary share capital of UCS Technology Services having a par value of R1.00 each, constituting 100% of the entire issued share capital of UCS Technology Services as at the Signature Date, the Effective Date and at Closing;
“UCS Warranty” or “UCS Warranties”	the warranties in Annexure 8 to the Agreement and otherwise expressly given by UCS to BCG in terms of the Agreement;
“Unbundling”	the distribution <i>in specie</i> of the Consideration Shares by UCS to its Shareholders;
“Unbundling Date”	the date on which the Unbundling occurs, being the first Monday after the Unbundling Record Date, or such other day as the JSE may direct;
“Unbundling Record Date”	the date on, and the time at which, a person must be recorded in the share register of UCS (including all sub-registers) to participate in the Unbundling, being the close of business on the first Friday following the Last Day to Trade, or such other date and time as the JSE may direct;
“VWAP”	the volume weighted average price of an ordinary share, being the total value for which shares were traded during a specified period divided by the total number of shares traded during that period; and
“ZAR” or “Rand” or “R”	South African Rand, the official currency of South Africa.



UCS Group Limited

Incorporated in the Republic of South Africa

(Registration number 1993/002253/06)

JSE code: UCS ISIN: ZAE000016150

("UCS" or "the Company")

Directors

Duncan Coles (*Chairman*)

John Bright (*Chief Executive Officer*)

Dean Sparrow (*Deputy Chief Executive Officer*)

Josephine Fortuin (*Chief Financial Officer*)

Neil Michelson (*Group Commercial Director*)

Mtungwa Morojele *

Vani Chetty *

Bryan Hattingh *

Richard Goodman *

Peter Terblanche *

Joseph Claassen *

* *Non-executive*

CIRCULAR TO UCS SHAREHOLDERS

1. INTRODUCTION AND PURPOSE OF THIS CIRCULAR

UCS has entered into the Agreement with BCG in terms of which UCS will sell the Sale Equity in respect of the Disposal Entities to BCG and subsequently unbundle the Consideration Shares received from BCG to the UCS Shareholders, details of which were published on SENS on 15 December 2010.

The purpose of this Circular is to provide Shareholders, in compliance with the Listings Requirements and the SRP Code, with relevant information regarding the Transaction in order that the required Shareholder approvals can be obtained at the General Meeting.

2. THE TRANSACTION

2.1 Terms of the Transaction

On or before the Effective Date, the Restructure will be effected by UCS. With effect from the Effective Date, UCS will sell the Sale Equity to BCG (or BCX should BCG notify UCS of this in writing) as one indivisible transaction. Possession and effective control of the Sale Equity will be given to BCG on Closing. UCS will accordingly retain the right to exercise all voting rights attaching to the Sale Shares until the Closing.

For avoidance of doubt, the Current Account Claims and, subject to the call option referred to in paragraph 2.13 below, the Destiny E-Commerce Sale Claims are not included in the Sale Equity and are accordingly excluded from the Disposal.

2.2 The Purchase Consideration and discharge thereof

The total Purchase Consideration, based on the 30-day VWAP, is an amount of R614 172 791.

The Purchase Consideration will be discharged through the issue, on the Effective Date, of the Minimum Consideration Shares, being 101 243 118 BCG Shares issued at the 30-day VWAP, being an aggregate issue price of R584 172 791.

As at the Effective Date and up until the expiry of the Consideration Share Warranty Period, the Minimum Consideration Shares shall not constitute less than UCS' Minimum Shareholding and to the extent that this does occur, BCG has undertaken to issue so many additional BCG Shares so as to ensure that UCS will hold UCS' Minimum Shareholding on the Unbundling Date.

Further to the above, of the Purchase Consideration Balance (which shall be a maximum of R30 000 000), two-thirds will, if it becomes due and payable, be retained by BCG and applied towards the Disposal Entities' management incentivisation schemes, while the remaining one-third will be paid to UCS on or about 10 November 2011 following the final determination of the Purchase Consideration Balance in accordance with the audited financial statements of the Disposal Entities for the financial year ending 30 September 2011. In this regard:

- if the Actual NPAT is equal to or greater than the Target NPAT, then the full R30 000 000 shall be earned; or
- if the Actual NPAT is less than the Target NPAT, then the Purchase Consideration Balance of R30 000 000 will be reduced by an amount of R6 000 000 for every R1 000 000 by which the Actual NPAT is less than the Target NPAT.

The Purchase Consideration Balance shall never be greater than R30 000 000 and shall never be less than zero. BCG shall only be obliged to pay the Purchase Consideration Balance once the Unbundling, details of which are given in paragraph 2.4 below, has occurred.

Interest will be payable at the Prime Rate plus 200 basis points on any overdue amounts to be paid by either party in terms of the Agreement.

2.2.1 Management of the Disposal Entities during the Earn-out Period

In terms of clause 16 of the Agreement, Identified Management will be allowed to exercise continued and effective management control of the Disposal Entities during the Earn-out Period.

BCG shall be entitled to be represented on the applicable key executive committees of the Disposal Entities in order to enable BCG to monitor and evaluate the performance of the Disposal Entities, provided that the members of Identified Management shall have one vote more than BCG's representatives in respect of all decisions affecting the Disposal Entities during the Earn-out Period.

To the extent that it is practical, necessary or BCG would otherwise prefer to make use of a service at a cost that is or would be higher than the cost at which UCS would have been able to secure such service on behalf of the Disposal Entities, then BCG shall be entitled, but not obliged, to elect to make use of the more expensive service, provided that the lower cost shall be deemed to have been incurred by the Disposal Entities for purposes of determining the NPAT.

The provisions as detailed in this paragraph 2.2.1 shall not obviate the requirement for the management of the Disposal Entities to report to BCG's relevant representatives.

BCG shall be entitled, but not obliged, after the Effective Date, at its option to make any changes to all or any of the Disposal Entities which it may deem fit by delivering written notice to UCS stating that it will pay one-third of the full Purchase Consideration Balance, being an amount equal to R10 000 000, to UCS, and apply two-thirds of the full Purchase Consideration Balance, being an amount equal to R20 000 000, towards the Disposal Entities' management incentivisation schemes agreed between the Parties as part of the due diligence investigations undertaken prior to entering the Agreement ("Exit Option").

To the extent that BCG elects to exercise the Exit Option, and discharges the full Purchase Consideration Balance, BCG shall be entitled to take full management control of the Disposal Entities and to take any and all actions in that regard in such a way as it may deem fit, provided that BCG shall not be obliged to make payment of the Purchase Consideration Balance if BCG is forced to take control of the Disposal Entities as a result of a wilful act or omission by the management of the Disposal Entities, the result of which will have the effect of a UCS Material Adverse Condition, and provided further that the Unbundling has then occurred.

In order to ensure that Identified Management is able to monitor and exercise its rights (as envisaged in this paragraph 2.2.1) during the Earn-out Period, UCS shall be entitled to appoint a senior executive of UCS (it being agreed that the first such appointee shall be Mr Neil Michelson and, thereafter, a replacement appointee to be nominated by UCS, following appropriate consultation between UCS and BCG and having taken cognisance of,

inter alia, BCG's internal governance requirements and any potential conflicts of interest) to the executive committee of BCG (or its equivalent). The aforementioned appointment shall automatically terminate with effect from the date of discharge of the Purchase Consideration Balance and if the Purchase Consideration Balance is not due, with effect from the date that it is finally determined that no Purchase Consideration Balance will become due.

2.3 Tax liability

UCS and BCG will calculate the De-grouping Tax Liability on the Effective Date and UCS shall pay an amount equal to the De-grouping Tax Liability to BCG on 23 September 2011. As security for the obligations of UCS to make payment of the De-grouping Tax Liability, UCS has ceded its right to receive the HCL Deferred Purchase Consideration (which is excluded from the Disposal) to BCG.

2.4 The Unbundling

2.4.1 Approval for the Unbundling

The Unbundling will be implemented in terms of Section 90 of the Act, rule 5.87 of the Listings Requirements and section 46 of the Income Tax Act.

In order to effect the Unbundling, UCS Shareholder approval as contemplated in Special Resolution 2 (as the Unbundling will represent the Disposal of the whole or the greater part of UCS' assets or undertaking) and Ordinary Resolution 1 set out in the notice incorporated in this Circular, is required.

2.4.2 Timing of the Unbundling

UCS has undertaken to complete the Unbundling on the Unbundling Date, which Unbundling is subject to the Conditions Precedent being fulfilled. The indicative dates of the Unbundling are set out on page 3 of this Circular.

2.4.3 The Provisional Unbundling Entitlement Ratio

On the Unbundling Date, UCS will unbundle all the Consideration Shares (which will comprise 25% of the entire issued share capital of BCG (including treasury shares) plus 1 BCG Share) to Shareholders including any Group Treasury Share Entity, in the Provisional Unbundling Entitlement Ratio of 34 BCG Shares for every 100 Shares held on the Unbundling Record Date.

The Provisional Unbundling Entitlement Ratio is based on the 101 243 118 Minimum Consideration Shares, 288 422 658 Shares in issue and 8 590 170 outstanding unexercised options in respect of the Share Schemes at the Last Practicable Date. Details of the number of BCG Shares to which Shareholders will be entitled based on the Provisional Unbundling Entitlement Ratio is set out in Annexure 9 to this Circular.

The Provisional Unbundling Entitlement Ratio will be adjusted to take into account the effect of the actual number of Consideration Shares and UCS Shares in issue at the Finalisation Date and should the final entitlement ratio differ from the Provisional Unbundling Entitlement Ratio, this will be announced on SENS and in the press on the Finalisation Date.

If the application of the Provisional Unbundling Entitlement Ratio results in the aggregate of BCG Shares to be distributed to Shareholders not being a whole number, the relevant fraction will be rounded up to the nearest whole number if the fraction is equal to or greater than 0.5 of a BCG Share, or rounded down to the nearest whole number if the fraction is less than 0.5 of a BCG Share.

2.4.4 Tax implications of the Unbundling

UCS intends to rely on the provisions of section 46 of the Income Tax Act for the Unbundling. This section provides for relief from CGT, STT and STC which would ordinarily be payable in respect of an unbundling. Further information regarding the taxation considerations of the Unbundling is set out in Annexure 11 to this Circular.

2.4.5 Implementation of the Unbundling

For the purposes of the Unbundling:

- Certificated Shareholders recorded in the register on the Unbundling Record Date will be issued with BCG Shares in certificated form and share certificates will be posted at the risk of the Shareholder concerned, by registered post in South Africa to the address reflected in the register on the Unbundling Record Date. Certificated Shareholders are reminded that they will have to dematerialise the certificated BCG Shares received by them prior to trading such shares on the JSE;
- Dematerialised Shareholders will have their BCG Shares credited to their accounts maintained by their CSDP or Broker; and
- Foreign Shareholders in certain jurisdictions outside South Africa may not be entitled to take transfer of the unbundled BCG Shares in terms of the Unbundling. Such shareholders are referred to paragraphs 2.4.7 and 2.4.8 below and Annexure 10 to this Circular for further information applicable to Foreign Shareholders.

2.4.6 Governing law

The Unbundling will be governed by the laws of South Africa.

2.4.7 Foreign Shareholders

The distribution of BCG Shares to Foreign Shareholders in terms of the Unbundling may be affected by the tax, securities and other laws of foreign jurisdictions. Foreign Shareholders should consult their professional advisers regarding whether their participation in the Unbundling is permissible. Further information with regard to this is set out in Annexure 10 to this Circular.

2.4.8 Exchange Control

Shareholders whose registered address is outside the Common Monetary Area will need to comply with Exchange Control Regulations, details of which are set out in Annexure 10 to this Circular.

2.4.9 Treasury Shares

As at the Last Practicable Date, no treasury shares were held by a Group Treasury Share Entity. Should a Group Treasury Share Entity hold treasury shares on the Unbundling Date, that subsidiary will receive BCG Shares based on the Provisional Unbundling Entitlement Ratio. These BCG Shares will be sold on the open market following the Unbundling or will be used as incentivisation for the participants of the Share Schemes.

2.4.10 Salient information on BCG

Salient details relating to BCG are set out in Annexure 1 to this Circular.

2.5 Conduct during the Interim Period

UCS shall procure that, during the Interim Period, the Businesses will be carried on in substantially the normal and ordinary course of business and in accordance with the UCS Business Plan.

BCG shall be bound by the same obligations imposed on UCS in respect of the conduct of the business of the BCG Group during the Interim Period.

2.6 Closing

On the Effective Date:

- UCS will deliver the original share certificates and share transfer forms in respect of the Sale Shares to BCG; and
- BCG will deliver a copy of the signed written instruction by BCG to its transfer secretaries to give effect to the allotment and issue of the Consideration Shares to UCS and the listing of the Consideration Shares on the JSE on the Effective Date and an acknowledgement of the instruction by BCG's transfer secretaries and an undertaking by it to give effect to the instruction.

UCS will cede, assign and transfer all of its right, title and interest in and to the Sale Claims to and in favour of BCG with effect from the Effective Date.

Mr John Bright, or his nominee, will be appointed as a non-executive director to the Board of Directors of BCG from the Effective Date.

2.7 Warranties

Each of UCS and BCG have given warranties to the other party which are considered to be usual for the nature of the Transaction as contemplated in the Agreement.

2.8 Limitation of liability

2.8.1 Limitation of UCS liability

Notwithstanding the UCS Warranties and any representations, undertakings and indemnifications given by UCS, no liability shall attach to UCS in relation to claims, losses or liabilities arising from a breach of a UCS Warranty or any other breach of the Agreement:

- which are less than R15 000 000 in aggregate, provided that when such aggregate or individual claims or loss exceed the said amount, UCS shall, subject to the provisions below, be liable for the full amount of such claim/s and/or loss and/or liabilities and not only for the amount in excess of the said amount, provided that BCG shall only be entitled to claim such excess amounts in increments of R5 000 000 individually or in the aggregate;
- if BCG has not issued summons against UCS for recovery of such claims, losses or liabilities or made a demand for arbitration in regard thereto by the expiry of the Earn-out Period, provided that if BCG has, before such date, given written notice in respect of any claim which it may have to UCS and has within 90 days after such date issued summons or commenced arbitration proceedings for the recovery thereof, the UCS Warranties given in respect of such notified matter shall survive as long as may be necessary to permit the final resolution of such matter; or
- which:
 - in respect of a breach of a UCS Warranty or any other breach of this Agreement which occurs during the Initial Warranty Period, in aggregate exceed an amount equal to R50 000 000 during the Initial Warranty Period, provided that BCG has, during the Initial Warranty Period, given written notice in respect of any claim which it may have to UCS as a result of such breach and has within 60 days after the date of such notice issued summons or commenced arbitration proceedings for the recovery thereof; or
 - in respect of a breach of a UCS Warranty or any breach of this Agreement which occurs after expiry of the Initial Warranty Period or if BCG has not given notice timeously and in accordance with this paragraph, in aggregate exceed an amount equal to R10 000 000 plus an amount equal to the Purchase Consideration Balance which becomes payable by BCG to UCS in accordance with the provisions referred to in paragraph 2.2 of this Circular,

on the basis that the aggregate amount recoverable from UCS, exclusive of interest and costs, from whatever cause arising, shall be limited to the aforesaid amount.

- If a claim by BCG in accordance with the provisions of the paragraph above is successful ("BCG Successful Warranty Claim"), the Parties agree that the BCG Successful Warranty Claim shall only become payable by UCS on 30 November 2011 and the BCG Successful Warranty Claim shall bear interest at the Prime Rate with effect from the date on which the notice of the BCG Successful Warranty Claim was given in accordance with this paragraph until the date of payment thereof, both days inclusive.

2.8.2 Limitation of BCG liability

Notwithstanding the BCG Warranties and any representations, undertakings and indemnifications given by BCG, no liability shall attach to BCG in relation to claims, losses or liabilities arising from a breach of a BCG Warranty or any other breach of this Agreement:

- which are less than R15 000 000 in aggregate, provided that when such aggregate or individual claims or loss exceed the said amount, BCG shall, subject to the provisions below, be liable for the full amount of such claim/s and/or loss and/or liabilities and not only for the amount in excess of the said amount, provided that UCS shall only be entitled to claim such excess amounts in increments of R5 000 000 individually or in the aggregate;

- if UCS has not issued summons against BCG for recovery of such claims, losses or liabilities or made a demand for arbitration in regard thereto by the expiry of the Earn-out Period, provided that if UCS has, before such date, given written notice in respect of any claim which it may have to BCG and has within 90 days after such date issued summons or commenced arbitration proceedings for the recovery thereof, the BCG Warranties given in respect of such notified matter shall survive as long as may be necessary to permit the final resolution of such matter; or
- which:
 - in respect of a breach of a BCG Warranty or any other breach of this Agreement which occurs during the Initial Warranty Period, in aggregate exceed an amount equal to R50 000 000 during the Initial Warranty Period, provided that UCS has, during the Initial Warranty Period, given written notice in respect of any claim which it may have to BCG and as a result of such breach and has within 60 days after the date of such notice issued summons or commenced arbitration proceedings for the recovery thereof;
 - in respect of a breach of a BCG Warranty or any breach of this Agreement which occurs after expiry of the Initial Warranty Period or if UCS has not given the notice timeously and in accordance with this paragraph, in aggregate exceed an amount equal to R10 000 000 plus an amount equal to the Purchase Consideration Balance which becomes payable by BCG to UCS in accordance with the provisions referred to in paragraph 2.2 of this Circular,

on the basis that the aggregate amount recoverable from BCG, exclusive of interest and costs, from whatever cause arising, shall be limited to the aforesaid amount.

- If a claim by UCS in accordance with the provisions of the paragraph above is successful (“UCS Successful Warranty Claim”), the parties agree that the UCS Successful Warranty Claim shall only become payable by BCG on 30 November 2011 and the UCS Successful Warranty Claim shall bear interest at the Prime Rate with effect from the date on which the notice of the UCS Successful Warranty Claim was given in accordance with the provisions of this paragraph until the date of payment thereof, both days inclusive.

2.9 BEE Ownership Status

BCG has warranted and undertaken to and in favour of UCS that, between the Signature Date and up to and including the Effective Date, BCG shall procure that Black People will hold 30.1% of the entire issued share capital of BCG.

2.10 Assignment of intellectual property, UCS trademarks and use of name

UCS will cede, assign, transfer and make over to BCG all its rights, title and interest in and to the intellectual property relating to the Disposal Entities with effect from the Effective Date which assignment BCG has accepted. UCS has granted BCG the sole and exclusive right to alter and adapt the intellectual property or any work forming part of the intellectual property with effect from the Effective Date.

UCS has undertaken as soon as possible after the Effective Date, but no later than twelve months after the Effective Date, to change its name and the name of each company in the UCS Group to any other name (following the obtaining of the necessary shareholder and other regulatory approvals) which is acceptable to the registrar of companies which does not include the word “UCS”. UCS shall be entitled to use the name “UCS” for a period of twelve months after the Effective Date.

2.11 Restraint Agreements

The Restraint Agreements will be entered into before the Effective Date and shall provide that entities remaining in the UCS Group following the successful implementation of the Disposal will not compete with the Businesses of the Disposal Entities for a period of 36 months from the Effective Date. The Restraint Agreements will not have the effect of preventing the UCS Group companies (post the Disposal) from conducting their normal business and this shall be stated as a principle of the Restraint Agreements, further details of which are set out in Annexure 3 to the Agreement.

2.12 Potential Sale

If any Potential Sale is implemented at any time during the period commencing on the Effective Date and ending twelve months thereafter, UCS shall be entitled, at its election to be exercised in writing, to 70% of the net proceeds of such Potential Sale which is in excess of R144 000 000, realised and actually received up to R100 000 000 and up to 100% of the net proceeds exceeding such R100 000 000 threshold. UCS shall only be entitled to exercise its election in respect of one Potential Sale.

Should any Potential Sale be implemented during the Earn-out Period, and UCS exercises its election in respect of such Potential Sale, the relevant Disposal Entity will be included for the purposes of calculating the Purchase Consideration Balance referred to in paragraph 2.2 above as if such Potential Sale did not take place, up to and including the effective date of the transaction being the subject of such Potential Sale.

BCG has undertaken in favour of UCS that it shall not sell the Destiny Sale Shares during the period commencing on the Effective Date and ending 12 months thereafter without the prior written consent of UCS, provided that if UCS grants the required written consent then such sale shall be deemed to be a Potential Sale and UCS shall be deemed to have exercised its election.

Should UCS elect its entitlement to the net proceeds of a Potential Sale as detailed above, an announcement will be published on SENS providing details of the Potential Sale and the *pro forma* financial effects relating thereto.

2.13 Call Option in respect of the Destiny E-Commerce Sale Claims

In terms of the Agreement, UCS has granted to BCG the option to acquire the Destiny E-Commerce Sale Claims, or the remaining portion thereof, for a purchase consideration of R1.00 (the face value of the Destiny E-Commerce Claims has been included in the total Purchase Consideration of R614 172 791 referred to in paragraph 2.2 of this Circular and therefore the Purchase Consideration to acquire the Destiny E-Commerce Sale Claims in terms of the Call Option is a nominal amount of R1. The Independent Professional Expert, whose opinion is set out in Annexure 8 to this Circular, has included the terms of the Call Option in concluding that the terms and conditions of the Disposal are fair to Shareholders.)

The Call Option shall be capable of being exercised by BCG giving written notice to UCS at any time during the period commencing on the first anniversary of the Effective Date and terminating six months thereafter ("Call Option Period") and shall be deemed to have been exercised by BCG on expiry of the Call Option Period.

On the exercise of the Call Option by BCG, UCS shall be deemed to have ceded, assigned and transferred the Destiny E-Commerce Sale Claims to and in favour of BCG with effect from the date of such exercise, which cession, assignment and transfer will be accepted by BCG.

The Destiny E-Commerce Sale Claims shall not, unless otherwise agreed by BCG, attract any interest whatsoever and shall not be repayable by Destiny E-Commerce at any time prior to the expiry of the Call Option Period, unless a Potential Sale is implemented in respect of the Destiny E-Commerce Business as contemplated in paragraph 2.12 above and UCS exercises its election, in which event, if the amount payable to UCS in terms of the Potential Sale is:

- more than the face value of Destiny E-Commerce Sale Claims, such amount will be reduced by the face value of the Destiny E-Commerce Sale Claims; or
- less than the face value of Destiny E-Commerce Sale Claims, only that portion of the Destiny E-Commerce Sale Claims which is equal to such amount shall become repayable and no amount shall be payable to UCS in terms of the Potential Sale.

2.14 Right to terminate

UCS and BCG shall be entitled to cancel the Agreement by means of written notice to the other of them at any time prior to the Effective Date, in the event that and as follows:

- by UCS or BCG, if a UCS Material Adverse Condition or BCG Material Adverse Condition occurs as a result of a UCS customer, in the case of BCG, or a BCG customer, in the case of UCS, terminating a contract, agreement or arrangement, provided that it can be demonstrated that such customer termination occurred as a result of a material act or omission by BCG or UCS respectively;

- by UCS or BCG, if UCS becomes aware that a BCG Warranty, or BCG becomes aware that a UCS Warranty, is not true and would result in that party suffering damages in an amount equal to R61 000 000 or more;
- by BCG, if UCS, UCS Solutions Holdings, Computerkit Holdings or any of the Disposal Entities is liquidated or placed under judicial management, or becomes subject to any other statutory business rescue process, whether provisionally or finally (or any application is launched in that regard);
- by UCS, if BCG or BCX is liquidated or placed under judicial management, or becomes subject to any other statutory business rescue process, whether provisionally or finally (or any application is launched in that regard); or
- by BCG or UCS, if any interdict, judgment or other order or action of any court or Governmental Body prohibiting or rendering illegal or unlawful the implementation of the Transaction contemplated in the Agreement is in effect, or if any legal proceeding has been instituted by any person (including any Governmental Body) seeking to prohibit, declare illegal or to enjoin the implementation of the Transaction, provided that that the party seeking to terminate the Agreement can reasonably demonstrate that the result of any interdict, judgment or other order or action of any court or Governmental Body may result in such party suffering damage in an amount equal to R61 000 000 or more if the Transaction was implemented.

2.15 Embargo

UCS has undertaken that, during the period from the Signature Date to the Effective Date, or until the failure of the Agreement to become unconditional upon non-fulfilment of the Conditions Precedent, or to it being finally terminated for any reason (i.e. the termination is not, or is no longer, the subject of any dispute-resolution process), it will not approach any other person in relation to the sale of the Sale Equity.

2.16 Rationale for the Transaction

The sale of the Disposal Entities to BCG represents an opportunity for UCS to execute against its stated strategy of separating its service businesses from its software businesses, and in the process unlocking value for the shareholders of UCS. On allotment and issue of the BCG Shares in settlement of the guaranteed Purchase Consideration (as described in paragraph 2.2), UCS will become the largest single shareholder in BCG.

By placing the service businesses into BCG, through essentially an equity-swap mechanism, there will be opportunities for such businesses to leverage the BCG Group's critical mass, strategic African continental positioning, stronger BBEE rating and well-positioned data centre and cloud computing platforms.

UCS Shareholders have the opportunity to remain invested in these assets through the BCG Shares to be allotted and issued in settlement of the guaranteed Purchase Consideration (i.e. the Consideration Shares to be unbundled by UCS to UCS Shareholders). UCS Group will be required to change its name and will continue to operate as an investment holding company for selected assets, including software and value added services.

The Businesses of the Disposal Entities will continue to operate with their existing management structures who are appropriately incentivised to ensure a smooth transition, albeit the Disposal Entities will continue to operate in their current form under the UCS brand.

Following the Disposal and Unbundling transactions, the UCS Group will comprise an investment holding company for selected assets, currently including businesses which focus on the development and provision of software applications for retail, as well as businesses that provide Value-Added Services leveraging the UCS Group's retail application footprint. Within the Software Division, these assets currently include Argility, Cquential Solutions and the Aquitec operations in the United Kingdom and Chicago, USA. The Value-Added Services business units, which reside in the Investments Division, include Innervation Value-Added Services, wiWallet, Volume and Affinity Risk Management and 4Life. Other assets within the Investments Division include GAAP Point-of-Sale, Ultisales Retail Software, Universal Knowledge Software, UCS Dynamics, Fernridge and Mobiliti.

2.17 Conditions Precedent

The Transaction is subject to the fulfilment and/or waiver of the following remaining Conditions Precedent by no later than the dates set out below (or such later date/s as UCS and BCG may agree in writing):

- 2.17.1** by no later than 18 March 2011, UCS has delivered to BCG any of the following:
- a written undertaking in favour of BCG, signed by the BEE shareholder of UCS, in terms of which the UCS BEE shareholder agrees not to dispose of so many BCG Shares distributed to them pursuant to the Unbundling, as is required in order for BCG to achieve the BEE Ownership Status as soon as practicably possible after the Unbundling and until 31 December 2011; or
 - written undertakings in favour of BCG, from shareholders of UCS, in terms of which such Shareholders agree to sell to BCG, by no later than two months after the Unbundling and as a specific repurchase of shares in accordance with the provisions of 85(2) of the Act, so many BCG shares distributed to them pursuant to the Unbundling as is required in order for BCG to achieve the BEE Ownership Status as soon as practically possible after the Unbundling, at a price per BCG Share equal to the volume weighted average traded price of BCG Shares for the thirty trading days ending on 31 January 2011, as quoted on I-Net Bridge ("Initial VWAP"), plus 50% of the amount by which the volume weighted average traded price of BCG Shares for the sixty trading days ending on the Unbundling Date exceeds the Initial VWAP; or
 - a combination of the documents contemplated above, the result of which is that BCG will achieve the BEE Ownership Status as soon as practically possible after the Unbundling, in a form and substance acceptable to BCG, acting reasonably;
- 2.17.2** by no later than 31 March 2011, each Restraint Agreement is concluded and becomes unconditional save for any condition in any Restraint Agreement requiring the Agreement to become unconditional;
- 2.17.3** by no later than 29 April 2011, the approval by the requisite majority of UCS Shareholders of the resolutions to be proposed at the General Meeting to approve the Disposal and the Unbundling and any other matters relating to the Transaction;
- 2.17.4** by no later than 29 April 2011, the registration of the Special Resolutions with the Companies Intellectual Property and Registration Office ("CIPRO");
- 2.17.5** by no later than 29 April 2011, the approval by the requisite majority of BCG shareholders in general meeting of the acquisition of the Disposal Entities and any other matters relating to the Transaction;
- 2.17.6** by no later than 29 April 2011, the approval of the Competition Authorities in terms of the Competition Act, of the Disposal and all agreements and transactions contemplated in the Agreement, either unconditionally or conditionally approved on terms and conditions which each of BCG and UCS confirms in writing to the other to be acceptable to it; and
- 2.17.7** by no later than the date on which the last of the Conditions Precedent has been fulfilled or waived (as the case may be), the Restructure has been implemented and has become effective and UCS has delivered copies of the share certificates and share transfer forms evidencing that the Restructure has been implemented, to BCG.

2.18 Nature of business and prospects of the Disposal Entities

Accsys

Accsys is a South African company which develops, markets and supports a comprehensive suite of integrated people management software, Accsys PeopleWare. The business provides high level training, professional consultancy and technical expertise supporting industry leading solutions, including Payroll, ESS, Time and Attendance, Biometric Access Control and Human Resources, as well as offering Recruitment and Outsourcing.

An improvement in the Accsys BBBEE rating and an increase in its reach into Africa should increase its opportunities to sell its suite of new-generation proprietary software, opening up new markets or markets that were historically not accessible to the business. This is in addition to the fact that the business currently has a healthy pipeline of business.

CEB Maintenance

CEB Maintenance specialises in 'man-in-van' IT services for large-scale retail operators and has an enviable list of blue chip retail customers.

Given the current and further expected improvement in the retail environment and the resulting growth in the retail store footprint not only locally but also up into Africa, the CEB Maintenance business is well positioned to assist its existing customer base with their growth aspirations.

The access to established infrastructure in new African territories together with extended strategic partnerships in Africa should assist the business in securing new projects which typically then evolve into on-going annuity services particularly for South African retailers looking for exposure in these new African territories.

Destiny E-Commerce

The business known as CSC is an authorised VeriFone International Partner for VeriFone payment systems into sub-Saharan Africa and has sale and distribution rights for such terminals into the territory. CSC further provides software payment solutions and field support services for use with and in relation to the payment devices and/or systems.

CSC is poised for a good 2011 financial year due to a strong order book and a robust pipeline. There is expected to be a significant increase in the number of secure payment devices including pin pads supplied to the market as this business is approached directly by tier-one retailers for the provision of their secure-payment-device requirements and as more of the major South African banks source their device, deployment services and on-going support and maintenance requirements from the business.

UCS Solutions

UCS Solutions is a leading business and IT solutions provider to clients in the retail and consumer goods industries. The company harnesses its industry knowledge to help clients achieve better business performance, offering end-to-end consulting, business-systems outsourcing and technology services across the full range of IT operations.

Projects in progress during 2010 are converting into long-term annuity services such as outsourced application hosting and integrated service management which provides a healthy contribution to the operating profitability of the business based on predictable revenue streams.

A number of previously delayed IT projects which retailers elected to shelve during the economic recession are being reinitiated as conditions continue to improve.

A significant improvement in profitability and operating margins is expected in 2011 after a number of onerous contracts were closed out during the 2010 year.

UCS Technology Services

UCS Technology Services renders services relating to "in-store" point-of-sale providing software on behalf of third party software vendors, solutions and services required to install, operate and support point-of-sale information technology elements.

Positioning in sub-Saharan Africa is being strengthened and additional product and revenue streams are being introduced.

There is an opportunity for cautious growth into Africa in support of a domestic fuel vertical customer. The representation of best-of-breed point-of-sale software applications for the grocery retail vertical together with the activity revolving around the corporatisation of the pharmacy retail vertical and the associated growth in that respect for tier-one retailers, represents further growth opportunities for the business.

The introduction of new products and services also represents a growth opportunity for this business.

Finally, large projects that are evolving into roll-out and then on-going support and maintenance helps contribute to operating margins.

3. INFORMATION ON UCS

3.1 Prospects for the UCS Group

The outlook for the domestic retail market is favourable, with retail business confidence improving and consumer spending forecast to show another year of positive growth in 2011, albeit possibly at a slower rate than in 2010.

Internationally, the outlook is highly variable and dependant on particular markets. European retail sales are expected to show very marginal growth and will be coming under further pressure due to various austerity measures. The United States retail market is also forecast to be sluggish, due to consumer cautiousness and a shift to higher saving patterns whilst further retail consolidation is likely. The BRIC countries are forecast to continue recovering strongly but there are significant challenges in accessing the retail sectors in India and China.

The Group's core solutions and services businesses which are the subject of this Transaction are all well placed strategically and operationally, well managed and have good foundations for further growth in the year ahead.

The UCS Group management team's biggest immediate focus will be on getting the new enlarged, consolidated Argility software business to achieve monthly profitability within this financial year, whilst achieving aggressive delivery targets for new product releases built on the Cordys business operations platform. In addition, the start-up Cquential "Software-as-a-Service" business is wholly based on annuity revenue models and is currently planned to achieve monthly profitability by third quarter 2011.

A similar focus will be applied to certain Value Added Services businesses to achieve monthly profitability this year although the risk profile is very different to the Software Division's with downside risk relatively limited compared to upside potential.

Overall, whilst retail market conditions look promising to neutral, trading conditions can change very quickly, as seen in recent times. In addition, currency fluctuations make planning very challenging.

Based on current visibility, budgets and business plans which include the five Disposal Entities being disposed of in terms of the Transaction, management is cautiously optimistic that UCS Group will generate good growth in all main criteria of sales, earnings and cash flows for the year to September 2011.

The prospects information has not been reviewed and reported on by UCS Group's auditors.

3.2 Historical financial information on UCS

Extracts of the published consolidated audited results of UCS for the years ended 30 September 2010, 2009, 2008 and 2007 are set out in Annexure 2 to this Circular.

3.3 Interest-bearing borrowings

Details of material interest-bearing borrowings relating to UCS as at 30 September 2010 are set out in Annexure 7 to this Circular.

3.4 History of changes

There has been no change in the controlling shareholders of UCS and trading objects of UCS, other than as specified under material contracts under section 3.8 below, during the five-year period prior to the Last Practicable Date.

3.5 Share capital

The authorised and issued ordinary share capital of UCS as at the Last Practicable Date is set out below:

Authorised ordinary share capital before and after the Transaction	R'000
480 000 000 Ordinary Shares of 0.5 cent each	2 400
Issued ordinary share capital before and after the Transaction	
288 422 658 ⁽¹⁾ Ordinary Shares of 0.5 cent each	1 442
Share premium	32 026

Notes:

1. As at the Last Practicable Date, no Shares were held as treasury shares.
2. UCS's authorised and issued share capital will not change as a result of the Transaction.

3.6 Major shareholders

Insofar as is known to the Directors of UCS, the following UCS Shareholders (excluding Directors and management) beneficially held, directly or indirectly, an interest of 5% or more of the Shares as at the Last Practicable Date:

Shareholders	Number of Shares	Percentage holding⁽¹⁾
Rand Merchant Bank (a division of First Rand Bank Limited)	33 858 006 ⁽²⁾	11.74
Oasis Funds	30 892 569 ⁽³⁾	10.71
Tactical Software Systems (Proprietary) Limited	27 011 196 ⁽²⁾	9.37
Total	91 761 771	31.82

Notes:

1. Based on 288 422 658 Shares in issue on the Last Practicable Date.
2. Held directly.
3. Held in various funds.

3.7 Adequacy of working capital

The Directors having considered the effect of the Transaction, are satisfied that the working capital available to UCS and its subsidiaries is sufficient for the Group's present requirements, that is at least the next 12 months from the date of this Circular.

3.8 Material contracts and vendor information

Other than as set out below, the Group has not entered into, verbally or in writing, any material contract, either:

- within the last two years; or
- at any time which contains an obligation or settlement that is material to the UCS Group at the date of this Circular.

Details	Date of agreement	Consideration
The disposal by UCS Solutions Holdings of its entire 60% interest in TSS Managed Services (Proprietary) Limited to Tactical Software Systems (Proprietary) Limited, as announced on 23 September 2009 and effective from 1 October 2009.	22 September 2009	R125 000 000
The disposal by UCS Solutions of its Enterprise Solutions Business to HCL Axon (Proprietary) Limited as announced on 16 July 2009 and effective from 1 August 2009. In terms of the Listings Requirements, the transaction was deemed a category 2 transaction.	16 July 2009	R125 260 000
The acquisition of the business of Computer Software Consultants (Proprietary) Limited ("CSC") as announced on 14 August 2008 by Destiny E- Commerce. As set out in the announcement, two key management members of CSC co-invested with UCS whereby UCS acquired 70% of the business and the two management members acquired the remaining 30% of the business in equal portions. In terms of the Listings Requirements, the transaction was deemed a category 2 transaction. ⁽¹⁾	1 June 2008	R98 100 000

Note:

1. The vendors were the trustees at the time of the Chris Leal Family Trust, Mr Llewellyn Walters and Mr Gregory Leal.
2. No promoter or director had any beneficial interest, direct or indirect, in any transaction referred to above.
3. The assets acquired (where applicable) have been transferred into the name of the issuer and/or its subsidiaries.

3.9 Material changes

Save for the Transaction there have been no material changes in the business of the Company or its subsidiaries between the date of the last published results of the Company for the year ended 30 September 2010 (published on SENS on 23 November 2010) and the Last Practicable Date.

3.10 Special arrangements

As at the Last Practicable Date there were no agreements, special arrangements or understandings (including any compensation arrangement) that existed between BCG, or any person acting in concert with it, and any of the Directors of UCS or persons who were Directors within the preceding 12 months, or holders of relevant securities or persons who were holders thereof within the preceding 12 months, having any connection with or dependence upon the Transaction. There are no parties acting in concert with BCG with regard to the Transaction.

Shareholders are referred to the Condition Precedent as set out in paragraph 2.17.1 of this Circular and should note that the written undertaking from UCS' current BEE shareholder or written undertakings in favour of BCG from UCS Shareholders or a combination of these may be special arrangements when entered into. Should any such circumstances arise, the consent of the SRP will be sought in terms of Rule 13 of the SRP Code.

3.11 Promoters

No cash or securities were paid, nor any benefit given, within the three years preceding the date of this Circular, or are proposed to be paid or given, to any promoter, not being a Director.

4. FINANCIAL INFORMATION

4.1 Historical financial information on the Disposal Entities

A report of historical financial information relating to the Disposal Entities is set out in Annexure 4 to this Circular and the Independent Reporting Accountants' report on the historical financial information relating to the Disposal Entities is set out in Annexure 3 to this Circular.

4.2 Unaudited *pro forma* financial effects of the Disposal and Unbundling

The table below sets out the unaudited *pro forma* financial effects of the Disposal and Unbundling based on the published audited results of UCS for the year ended 30 September 2010. The unaudited *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information about how the Transaction might have affected Shareholders had the Transaction been implemented on the dates indicated in the notes below. Due to their nature, the unaudited *pro forma* financial effects may not fairly present the financial position or the effect on future earnings of UCS after the Transaction. The preparation of the unaudited *pro forma* financial effects is the responsibility of the Directors. The accounting policies of UCS have been used in calculating the unaudited *pro forma* financial effects of the Disposal and Unbundling.

	Before the Transaction ⁽¹⁾	After the Disposal and before the Unbundling ⁽²⁾	Percentage Change	After the Disposal and after the Unbundling	Percentage Change	After the Unbundling and the Call Option is exercised	Percentage Change
Earnings per share (cents)	13.9	157.5	1 033.1	157.5	1 033.1	145.5	946.8
Diluted earnings per share (cents)	13.7	154.8	1 029.9	154.8	1 029.9	143.0	943.8
Headline earnings per share (cents)	16.2	(5.3)	(132.7)	(5.3)	(132.7)	(5.3)	(132.7)
Diluted headline earnings per share (cents)	16.0	(5.2)	(132.5)	(5.2)	(132.5)	(5.2)	(132.5)
Net asset value per share (cents)	170.3	314.2	84.5	77.2	(54.7)	65.2	(61.7)
Net tangible asset value per share (cents)	31.8	265.5	734.9	28.5	(10.4)	16.5	(48.1)
Weighted average number of shares in issue ('000)	284 653	284 653	–	284 653	–	284 653	–
Diluted weighted average number of shares in issue ('000)	289 731	289 731	–	289 731	–	289 731	–
Number of shares in issue ('000)	285 356	285 356	–	285 356	–	285 356	–

Notes and assumptions:

- Based on the published consolidated audited results of UCS for the year ended 30 September 2010.
- On the assumption that the Disposal and Unbundling took place on 1 October 2009 for consolidated statement of comprehensive income purposes and on 30 September 2010 for statement of financial position purposes.
- Included in the "After the Disposal and before the Unbundling" earnings and headline earnings are the following adjustments and related assumptions:
 - The reversal of the Disposal Entities' contribution to earnings and headline earnings for the twelve months ended 30 September 2010 totalling R62.4 million, net of non-controlling interests of R7.1 million. The reversal excludes the profit realised in the period on the disposal by UCS Solutions of the Enterprise Solutions Division of R12.4 million and related taxation effect of R1.7 million.
 - To take into account the secondary tax on Companies of R0.7 million relating to a pre-Effective Date dividend paid by Destiny E-Commerce;
 - To take into account a total Purchase Consideration of R706.3 million comprising:
 - 101 243 118 new BCG ordinary shares valued at the volume weighted average traded price of BCG on the JSE for the 30 trading days ended Monday, 13 December 2010 being R6.68 per BCG share.
 - The receipt of the Purchase Consideration Balance assuming the NPAT targets are met, before the costs associated with the execution of the Transaction and the delivery of the NPAT targets.
 - The re-instatement of R0.8 million, relating to inter-company eliminations reversed between the Disposal Entities and a subsidiary of UCS on consolidation.
- After the realisation of R104.7 million goodwill, the applicable profit on sale of the Disposal Entities totalling R493.5 million pre-tax and the estimated transaction costs of R3.3 million included in earnings per share, which are once-off in nature.
- On the basis that the provisions of section 42 of the Income Tax Act are met, no CGT or STT shall be payable by UCS relating to the receipt of the Consideration Shares.
- To take into account the provision of the estimated CGT amounting to R19.0 million, payable by UCS, due to the de-grouping provision of section 45 of the Income Tax Act applicable in UCS Technology Services.
- To take into account income tax at a statutory rate of 28%.
- The application of section 46 of the Income Tax Act whereby UCS shall unbundle all of the BCG equity consideration received on the Disposal Transaction. Accordingly no CGT or STT and STC will be payable by UCS on the Unbundling.
- For statement of financial position purposes, the net asset value per share and tangible net asset value per share were calculated to demonstrate the effect of the Transaction as if it had taken place on 30 September 2010. Consequently, due to the growth in the Disposal Entities net asset value, the applicable profit on sale amounts to R410.9 million net of estimated transaction costs and tax.

10. Details of the financial effects of the Transaction on UCS' statement of comprehensive income and statement of financial position are set out in Annexure 6 to this Circular. The text of the Independent Reporting Accountants' Report on the above summarised *pro forma* financial effects and as set out in Annexure 6 is set out in Annexure 5.
11. No adjustments have been made to the *pro forma* financial information in respect of post balance sheet events.
12. The effect of the Call Option not being exercised has been taken into account in the "After the Disposal and after the Unbundling" column. The "After the Unbundling and the Call Option is exercised" column shows the effect of the Call Option being exercised and has been accounted for after the "After the Disposal and after the Unbundling" column as it is exercisable during the period commencing on the first anniversary of the Effective Date and terminating six months thereafter and will be deemed to be exercised by BCG upon the expiry of this period. Should the Call Option be exercised, *pro forma* earnings per share and diluted earnings per share after the Disposal and the Unbundling would be 145.5 cents and 143.0 cents per share respectively, and there would be no effect on *pro forma* headline and diluted headline earnings per share, and net asset value and net tangible asset value per share would be 65.2 cents and 16.5 cents per share respectively.

5. DIRECTORS AND DIRECTORS' INTERESTS

5.1 Interests of Directors in Shares

At the Last Practicable Date, the UCS Directors' as set out below, (which includes any Director who has resigned during the last 18 months prior to the Last Practicable Date, if any), direct and indirect holdings and outstanding options in the issued share capital of UCS were as follows:

	Direct Beneficial R'000	Indirect Beneficial R'000	Total R'000	Percentage holding⁽¹⁾
Executive				
J D Bright	6 991	38 960	45 951	15.9
D F Coles	4 945	29 770	34 715	12.0
J P Fortuin	138	900	1 038	0.4
N A Michelson	–	5 184	5 184	1.8
D C Sparrow	500	3 176	3 676	1.3
Sub total	12 574	77 990	90 564	31.4
Non-executive				
V Chetty	59	–	59	0.02
J R Claassen	50	–	50	0.02
R G Goodman	80	–	80	0.03
B P Hattingh	–	75	75	0.03
Sub total	189	75	264	0.1
Total	12 763	78 065	90 828	31.5

Note:

1. Based on 288 422 658 Shares in issue on the Last Practicable Date.

Future entitlements under the Share Schemes	Opening balance (R'000)	Grant date	Strike price (cents)	Exercised balance	Closing R'000
J R Claassen	50	27-Feb-04	109	–	50
R G Goodman	25	27-Feb-04	109	–	25
B P Hattingh	25	27-Feb-04	109	–	25
P Terblanche	100	27-Feb-04	109	–	100
J P Fortuin	200	18-Nov-05	134	–	200
M P R Morojele	100	18-Nov-05	134	–	100
V Chetty	100	31-Aug-07	451	–	100
Sub total	600			–	600
Zero cost options					
J P Fortuin	83	28-Aug-08	–	(14)	69
J P Fortuin	124	21-Nov-08	–	(21)	103
Sub total	207			(35)	172
Total	807			(35)	772

5.2 Interests of UCS and Directors in BCG Shares

Neither UCS nor its Directors held any shares in BCG as at the Last Practicable Date, save for Duncan Coles who held 23 750 BCG Shares.

Further to this, neither UCS nor its Directors have dealt in any BCG Shares in the six months prior to the Last Practicable Date, save for D F Coles who purchased 10 814 BCG Shares on 18 February 2010 at R5.61 per share and sold these shares on 21 September 2010 for R6.33 per share. Further to this he acquired 10 814 BCG Shares on 14 September 2010 at R6.39 per share and sold these shares on 7 October 2010 for R6.68 per share.

5.3 Directors' interests in transactions

None of the Directors have had any beneficial interest, either directly or indirectly, in any transaction effected by UCS during the current or preceding financial year or during any earlier financial year which remains outstanding or unperformed in any respect.

5.4 Directors' emoluments

The Directors' emoluments in respect of the financial year ended 30 September 2010 were as follows:

Executive	Salary R'000	Incentive bonus R'000	Long- term incentive bonus R'000	Allowances R'000	Pension R'000	Total R'000
J D Bright	1 433	403	–	–	127	1 963
D F Coles	748	396	–	111	97	1 352
J P Fortuin	998	229	350	18	67	1 662
N A Michelson	1 778	371	350	91	171	2 761
D C Sparrow	1 469	342	350	91	130	2 382
Total	6 426	1 741	1 050	311	592	10 120
Non-executive						Fees
V Chetty						120
J R Claassen						112
R G Goodman						176
B P Hattingh						112
M P R Morojele						242
P Terblanche						202
Total						964

Notes:

1. None of the Directors have entered into any commission gain or profit-sharing arrangements.
2. All emoluments received were paid by UCS.

5.5 Directors' service contracts

There are no service contracts between UCS and the non-executive Directors. The employment contracts with the executive Directors contain normal terms and conditions of employment and have not been entered into or amended during the period beginning six months prior to the date of this Circular.

The employment contracts, which are available for inspection, contain, *inter alia*, the following salient terms and conditions:

- the address, location and role of the executive;
- the duties of the executive;
- the remuneration of the executive;
- a normal notice period of a minimum of one month;

- the conditions of early termination by UCS in the event of the executive acting against the best interests of the Company;
- the conditions of suspension of employment and due process to be followed in case of a suspension; and
- provision for leave allowances and out-of-pocket expenses.

At the Last Practicable Date, there was no person who had been identified or nominated as a proposed Director. Accordingly, no service contracts with any proposed Directors have been entered into.

6. EXPENSES

It is estimated that the total expenses relating to the Transaction will amount to approximately R3.3 million (excluding VAT). Payment will be made to the following parties according to the amounts indicated.

Parties	R'000
Attorneys – Glyn Marais Incorporated	460
Corporate Adviser and Sponsor – One Capital	750
Independent Reporting Accountants – Deloitte & Touche	200
Due diligence adviser – Deloitte & Touche	450
Independent Professional Expert – Deloitte & Touche	575
JSE documentation fee	34
Printing and publishing – Ince	211
Tax advisers – Bowman Gilfillan Incorporated	450
Competition Law Adviser – Vani Chetty Competition Law	70
SRP documentation fee	125
Total	3 325

7. LITIGATION STATEMENT

The Company and its subsidiaries are not aware of any legal or arbitration proceedings (including any such proceedings which are pending or threatened), which may have or may have had, in the last 12 months, a material effect on the Group's financial position.

8. CATEGORISATION IN TERMS OF THE LISTINGS REQUIREMENTS, AND APPLICATION OF THE SRP CODE

- 8.1** The Disposal is a category 1 transaction in terms of the Listings Requirements which requires the approval of UCS Shareholders at the General Meeting.
- 8.2** Both the Disposal and the Unbundling are classified as section 228 disposals in terms of the Act and are therefore affected transactions in terms of the SRP Code. Consequently, Deloitte & Touche has been appointed by the Board to provide a fairness opinion as required in terms of the SRP Code, which is set out in Annexure 8 to this Circular. The Independent Professional Expert has concluded that the terms and conditions of the Disposal are fair to Shareholders.

Given that UCS Shareholders will still hold the same assets before and after the Unbundling, UCS has requested the SRP to grant dispensation from certain of the requirements of the SRP Code which are applicable to affected transactions. The SRP has exercised its discretion in terms of the SRP Code and has granted a dispensation on the basis set out below:

- Rule 3.1 of the SRP Code requires the Board to “obtain appropriate external advice” on the Unbundling and the substance of that advice is required to be disclosed to all UCS Shareholders;
 - the Unbundling will ultimately result in UCS Shareholders holding a direct interest in the BCG rather than holding this interest through UCS. Given that UCS Shareholders will still hold the same asset before and after the Unbundling, the SRP has granted dispensation to the effect, that the requirement to “obtain appropriate external advice” is not relevant to the Unbundling; and

- Rule 21.2(a) of the SRP Code requires four years of historical financial information relating to the Disposal Entities to be disclosed in this Circular, while the report of historical financial information of the Disposal Entities set out in Annexure 4 only covers three years of historical financial information. The SRP has granted dispensation to the effect that the disclosure in Annexure 4 is sufficient for UCS Shareholders to make a decision regarding the Resolutions they are required to consider for the implementation of the Transaction.

UCS has complied with all relevant requirements of the SRP Code.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors whose names are given on page 13 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and contains all information required by law, the Listings Requirements and the SRP Code.

Further to the above, the Directors of UCS are responsible for the accurate extraction of information from the BCG circular, contained in Annexure 1 hereto, which information was extracted without modification from the BCG circular.

10. OPINIONS AND RECOMMENDATIONS

The Board is of the opinion, after taking into consideration the opinion of the Independent Professional Expert that the Transaction is fair and accordingly recommends to Shareholders to vote in favour of the Resolutions. All Directors who own Shares in their personal capacity intend to vote in favour of the Resolutions.

11. VOTING RIGHTS

All issued Shares rank *pari passu* with each other.

At the General Meeting, every Shareholder present or represented by proxy shall have one vote on a show of hands, and on a poll, one vote for every Share held.

Shares held in treasury (if any) will be taken into account in determining a quorum at the General Meeting but will not, however, be taken into account in determining the results of the voting at the General Meeting.

12. CONSENTS

Each of the Independent Reporting Accountants, Independent Professional Expert, Corporate Adviser and Sponsor, Transfer Secretaries, Attorneys, Tax Adviser and Competition Law Adviser, whose names are included in this Circular, have given and have not, prior to the issue of this Circular, withdrawn their written consents to the inclusion of their names in the capacities stated and, where applicable, to their reports being included in this Circular.

13. NOTICE OF UCS GENERAL MEETING

The General Meeting will be held at the 20th Floor, 209 Smit Street, Braamfontein on Thursday, 31 March 2011 at 15:00 in order to consider and, if deemed fit, pass, with or without modification, the Resolutions necessary to give effect to the Transaction detailed in this Circular. A notice convening such General Meeting is attached to, and forms part of, this Circular. A Form of Proxy, for use by those Certificated Shareholders and Dematerialised Shareholders with "own-name" registration who are unable to attend the General Meeting but wish to be represented thereat, is attached to, and forms part of, this Circular. Duly completed Forms of Proxy must be received by the Transfer Secretaries by no later than 15:00 on Tuesday, 29 March 2011.

Shareholders who hold Dematerialised Shares in UCS through a CSDP or Broker and do not have an "own-name" registration, must timeously advise their CSDP or Broker of their intention to attend and vote at the General Meeting or be represented by proxy thereat in order for the CSDP or Broker to provide the necessary letter of representation to do so. Should Shareholders not wish to attend the General Meeting in person, they must timeously provide their CSDP or Broker with their voting instruction in order for the CSDP or Broker to vote in accordance with their instruction at the General Meeting.

14. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or copies thereof, are available for inspection at the registered office of the Company from the date of issue of this Circular, up to and including Thursday, 31 March 2011:

- 14.1** the memorandum and articles of UCS and its subsidiaries;
- 14.2** the rules of the Share Schemes;
- 14.3** the signed Agreement dated 14 December 2010;
- 14.4** the signed First, Second and Third Addendums to the Agreement dated 17 February 2011, 24 February 2011 and 8 March 2011 respectively;
- 14.5** the material contracts entered into by UCS outlined in paragraph 3.8 of this Circular;
- 14.6** copies of the executive Directors' service contracts as referred to in paragraph 5.5 of this Circular;
- 14.7** the published audited financial statements of UCS for the three years ended 30 September 2010;
- 14.8** the fairness opinion of the Independent Professional Expert as set out in Annexure 8 of this Circular;
- 14.9** the Independent Reporting Accountants' report on the historical financial information of the Disposal Entities as set out in Annexure 3 of this Circular;
- 14.10** the Independent Reporting Accountants' report on the *pro forma* financial information as set out in paragraph 4.2 and Annexure 5 of this Circular;
- 14.11** the memorandum and articles of BCG; and
- 14.12** the consent letters received from the various parties referred to in paragraph 12 of this Circular.

This Circular was signed at Johannesburg on behalf of all the Directors in terms of powers of attorney granted on 7 February 2011.

Duncan Coles
Chairman

John Bright
Chief Executive Officer

9 March 2011
Johannesburg

FURTHER INFORMATION ON BCG

The information set out below has been extracted, without modification, from the BCG Circular to BCG shareholders, dated 9 March 2011, save for the term 'BCX' which has been replaced in this Annexure with 'BCG' and the term 'Target Companies' which has been replaced with 'Disposal Entities'. The full circular is available on BCG's website (www.bcx.co.za).

"1 Name and incorporation

BCG was incorporated in South Africa on 15 September 1998. The Company listed on the JSE in 2004.

2. Directors

As at the Last Practicable Date, the directors of BCG were as follows:

A C Ruiters¹ (*Chairman*)
 L B Mophatlane (*Chief Executive Officer*)
 J D Bright^{2,4}
 J Buchanan³
 J John¹
 N N Kekana⁴
 M Lehobye¹
 V Olver (*Chief Financial Officer*)
 J M Poluta¹
 F L Sekha⁴
 S V Zilwa⁵
 J de Koker (*Company Secretary*)

1. Independent non-executive
2. J D Bright, or his alternate person as may be approved by BCG in writing, will be appointed as a non-executive Director from the Effective Date
3. J F Buchanan retired at the AGM due to not making himself available for re-election
4. Non-executive
5. Resigned on 14 October 2009

3. Major beneficial BCG Ordinary Shareholders

There is currently no controlling shareholder of the Company and there will be no change in controlling shareholders as a result of the Acquisition.

Insofar as is known to the Directors, as at the Last Practicable Date, before the Acquisition, the BCG Ordinary Shareholders who, directly or indirectly, held 5% or more of the issued Ordinary Share Capital of BCG are set out in the table below:

Name of BCG Shareholder	Number held	% held
Gadlex (Proprietary) Limited	38 600 000	12.71 ¹
Sanlam	28 204 036	9.29
Allan Gray	26 696 280	8.79
Government Employees Pension Fund	25 953 009	8.54
Old Mutual	24 052 137	7.92
Investment Solutions	17 419 267	5.74
Total	160 924 729	52.99

Notes

1. The 12.71% Gadlex shareholding includes Directors' holdings.

4. Loan capital

BCG had the following long term interest bearing liabilities as at 31 August 2010:

4.1.1 Liabilities under finance leases

	Less than 1 year R'000	Between 1 year and 5 years R'000	Total 2010 R'000	Total 2009 R'000
Finance leases¹				
Future minimum lease payments	10 061	20 706	30 767	25 694
Lease finance charges	(2 038)	(1 890)	(3 928)	(4 522)
Present value of minimum lease payments	8 023	18 816	26 839	21 172

Notes:

1. Liabilities under finance leases relate to assets with lease terms ranging from three to five years. These liabilities bear interest at fixed interest rates ranging between 2.00% and 10.22% (2009: 7.7% and 12.3%). A variable rate based on the base rate of the Bank of England plus 2% applies to a lease in GBP.

The liabilities are in respect of the capitalised leased assets with a carrying value of R33.5 million (2009: R44.1 million). The group has the option to purchase these assets at the end of the lease term.

The loans payable within twelve (12) months will be financed by internally generated cash flows.

The fair value of the finance lease liabilities and other liabilities is approximately equal to their carrying amounts.

4.1.2 Loans payable

	2010 R'000	2009 R'000
Stanbic Tanzania ¹	3 123	4 993
Akiba Tanzania ²	2 164	–
IBM Global Finance ³	1 173	2 630
Barclays Commercial Mortgage ⁴	5 025	5 741
	11 485	13 364

Notes:

1. The loan bears interest at 8.5%, is secured by a guarantee from BCX PTY and is repayable over 60 months. The base currency for this loan is US\$.

2. The loan bears interest at 9%, is secured by fixed assets and is repayable over 36 months. The base currency for this loan is US\$.

3. The loan bears interest at 9%, is unsecured and is repayable over 36 months.

4. The loan bears interest at the UK prime rate plus 1.25%, is secured by the freehold building at 4 Arlington Court, Arlington Business Park, Stevenage and is repayable over 20 years. The base currency of the loan is GBP.

5. There are no conversion rights attached to these loans.

4.1.3 Loans receivable

BCG had no material loans receivable as at the Last Practicable Date.

5. Group prospects

The Group has not only weathered the challenging economic conditions but is now in a leading position with its data centres and cloud computing capability.

The diversity of the customer base, product and services offerings, the skills base and commitment of the staff, as well as the strength of the Group's statement of financial position, have all contributed to sustaining the business.

Several recent strategic initiatives have significantly enhanced the Group's strategy to create a one-stop cloud computing platform, whilst the Group's market differentiators also provide a solid platform from which to seek opportunities for acquisitions and growth by adding new services and solutions to the portfolio, and growing both service offering and market share in Africa.

Subsequent to the Acquisition, BGG Shareholders will benefit from, *inter alia*, the following:

- The Disposal Entities will provide the opportunity for BCG to be a market leader within the retail IT services sector, which sector is well suited for BCG's data centre offering;
- The Disposal Entities complement BCG's Africa expansion strategy as some of South Africa's leading retailers have a stated strategy to pursue opportunities in the rest of South Africa; and
- The Disposal Entities will improve the margins within the Company as the services proportion of total revenue increases.

6. Litigation statement

There are no legal or arbitration proceedings which may have, or have had, during the twelve-month period preceding the Last Practicable Date, a material effect on the financial position of BCG. Furthermore, BCG is not aware of any such proceedings that are pending or threatened.

7. Material change statement

There have been no material changes in the financial or trading position of BCG and its subsidiaries that have occurred since the end of the last financial period for which the final results were published for the full year ended 31 August 2010. Further there have been no material changes in the business of BCG during the last five years.

8. Material contracts

Details of material contracts entered into by BCG or its subsidiaries, entered into, other than in the ordinary course of business, within the two years prior to the Last Practicable Date or entered into at any time which contains an obligation or settlement that is material to BCG or its subsidiaries are set out below:

- effective 31 August 2010, BCG implemented a BEE transaction at the BCG level, pursuant to which 30% of the entire issued share capital of BCG is held by Gadlex and the Participants, in the form of the Gadlex Share Exchange Transaction, which resulted in Gadlex having a 10.2% shareholding in BCG and an "A" Share Transaction with Participants, which resulted in the Participants having a combined shareholding of 19.8% in BCG.
- on 1 June 2010, BCTH disposed of Nanoteq (Proprietary) Limited ("Nanoteq") and the two data centres (buildings NDC1 on Erf 12, Midridge Park Ext 8 and NDC2 on Erf 47 Midridge Park Ext 10) to BCX PTY on loan account. Nanoteq was sold for R35 500 000 and the two data centres for R134 200 000, the market values of which were determined by an independent valuator. This transaction was released on SENS on 14 June 2010.
- in September 2008 BCG entered into a transaction with Growthpoint Limited whereby it disposed of its Faerie Glen Property for R53 520 000 to Growthpoint Properties Limited ("Growthpoint").

9. Financial effects of the Transaction on BCG

The table below sets out the unaudited *pro forma* financial effects of the Acquisition on BCG based on the audited BCG results for the year ended 31 August 2010 and the audited Disposal Entities' results for the year ended 30 September 2010.

The unaudited *pro forma* financial effects are the responsibility of the Directors and have been prepared for illustrative purposes only to provide information about how the Acquisition may have affected BCG's financial position on the relevant reporting date. Due to their nature, the unaudited *pro forma* financial effects may not fairly present BCG's financial position, changes in equity, and results of operations or cash flows after the implementation of the Acquisition.

The unaudited *pro forma* financial information has been prepared in accordance with BCG's accounting policies as outlined in the historical financial information presented in Annexure 1 to this Circular.

The *pro forma* statement of comprehensive income and statement of financial position of BCG are set out in Annexure 4 of this Circular.

	Before the Acquisition	After the Acquisition and before the Call Option – Post Acquisition costs	% change	After the Acquisition and the Call Option – Post Acquisition costs	% change	After the Acquisition and the Call Option – Pre- Acquisition costs⁽²⁾	% change
Headline earnings per share (“HEPS”) (cents)	47.6	43.3	(9.0)	43.3	(9.0)	47.0	(1.3)
Basic EPS(cents)	47.2	43.1	(8.7)	43.1	(8.7)	46.8	(0.9)
Diluted HEPS (cents)	40.3	38.4	(4.7)	38.4	(4.7)	41.7	3.5
Diluted EPS (cents)	40.1	38.2	(4.7)	38.2	(4.7)	41.4	3.2
NAV (cents)	508.4	506.2	(0.4)	514.7	1.2	518.0	1.9
Tangible net asset value per share (cents)	460.1	362.3	(21.3)	370.9	(19.4)	374.2	(18.7)
Number of shares in issue ('000)	303 729	404 972	33.3	404 972	33.3	404 972	33.3
Weighted average number of shares in issue ('000)	260 854	362 097	38.8	362 097	38.8	362 097	38.8
Diluted weighted average number of shares ('000)	307 636	408 879	32.9	408 879	32.9	408 879	32.9

Notes:

1. BCG Shareholders are referred to Annexure 4 for detailed notes on the *pro forma* financial effects set out above.
2. Excludes transaction costs of approximately R13.4 million.

10. Expenses relating to the Transaction

The estimated expenses that will be incurred by BCG in respect of the Acquisition are tabled below:

	Estimated amount Rand '000
Printing and related costs – Ince (Proprietary) Limited	485
JSE documentation fees	36
JSE listing fees	156
Merchant bank and sponsor fees – Rand Merchant Bank	6 250
Independent reporting accountants fees – KPMG	300
Legal and other advisory fees:	6 136
– Cliffe Dekker Hofmeyr Inc.	2 800
– PWC	1 931
– Imbewu Capital	1 250
– Independent reporting accountant fees – Deloitte & Touche	155
Estimated total excluding VAT	13 363

11. Directors’ responsibility statement

The Directors, whose names are set out in Annexure 7 of this Circular, collectively and individually, accept full responsibility for the accuracy of the information in relation to BCG given in this Circular and certify that, to the best of their knowledge and belief, there are no facts in relation to BCG that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this Circular contains all information in relation to BCG required by law and the JSE Listings Requirements.

Furthermore, the Directors accept full responsibility for the accurate extraction of the information in relation to UCS Group from the UCS Circular.

EXTRACT OF FINANCIAL RESULTS FOR UCS FOR THE YEARS ENDED 30 SEPTEMBER 2010, 2009, 2008 AND 2007

Condensed consolidated income statement for the year ended 30 September 2010

	Audited 2010 R'000	Restated 2009 R'000	% change
CONTINUING OPERATIONS			
Revenue	1 321 070	1 232 019	7,2
Profit from operations before interest, amortisation, depreciation, foreign exchange differences, impairments and research and development expenditure	201 654	170 758	18,1
Amortisation of intangible assets	(26 611)	(28 295)	(6,0)
Depreciation of property, plant and equipment (including rental equipment)	(45 211)	(40 831)	10,7
Foreign exchange differences	(8 221)	(10 605)	(22,5)
Impairment of intangible assets (including goodwill)	–	(8 027)	100,0
Profit related to Enterprise Solutions division disposed of in the prior year	12 443	–	100,0
Profit on disposal of equity interest in a subsidiary company	176	–	100,0
Research and development expenditure	(14 801)	(7 278)	103,4
Profit before net finance charges and taxation	119 429	75 722	57,7
Net finance charges	(4 670)	(18 045)	(74,1)
Finance charges	(13 835)	(22 907)	(39,6)
Investment revenues	9 165	4 862	88,5
Profit before taxation	114 759	57 677	99,0
Taxation	(43 048)	(32 216)	33,6
Current	(42 811)	(33 316)	28,5
Deferred	(237)	1 100	(121,5)
Profit for the year from continuing operations	71 711	25 461	181,7
DISCONTINUED OPERATIONS			
(Loss)/Profit for the year from discontinued operations	(22 104)	15 110	(246,3)
Profit for the year	49 607	40 571	22,3
<i>Attributable to:</i>			
Owners of the Company	39 642	27 446	44,4
Non-controlling interest	9 965	13 125	(24,1)
	49 607	40 571	22,3
Earnings per share (cents)			
from continuing and discontinued operations:			
Basic	13,9	9,5	46,3
Diluted	13,7	9,3	47,3
From continuing operations:			
Basic	21,7	6,2	250,0
Diluted	21,3	6,1	249,2
Dividends paid per share (cents)	9,0	9,0	–
Net asset value per share (cents)	170,3	165,0	3,2

	Audited 2010 R'000	Restated 2009 R'000	% change
Ordinary shares in issue net of treasury shares held ('000)	285 356	284 391	0,3
Weighted average number of ordinary shares in issue ('000)	284 653	290 147	(1,9)
Diluted weighted average number of ordinary shares ('000)	289 731	295 717	(2,0)
Additional information			
Headline earnings per share (cents)			
From continuing and discontinued operations:			
Basic	16,2	11,4	42,1
Diluted	16,0	11,2	42,9
From continuing operations:			
Basic	17,7	8,6	105,8
Diluted	17,4	8,5	104,7

Condensed consolidated statement of other comprehensive income for the year ended 30 September 2010

	Audited 2010 R'000	Restated 2009 R'000	% change
Profit for the year	49 607	40 571	22,3
Other comprehensive income for the year after taxation:			
Exchange differences on translation of foreign operations	4 881	1 272	283,7
Other comprehensive income for the year after taxation	4 881	1 272	283,7
Total comprehensive income for the year	54 488	41 843	30,2
Total comprehensive income attributable to:			
Owners of the Company	44 523	28 718	55,0
Non-controlling interest	9 965	13 125	(24,1)
	54 488	41 843	30,2

Condensed consolidated statement of financial position at 30 September 2010

	Audited 2010 R'000	Audited 2009 R'000
ASSETS		
Non-current assets	563 314	456 780
Property, plant and equipment (including rental equipment)	86 413	89 775
Intangible assets	156 817	79 479
Goodwill	238 615	237 974
Investments and loans receivable	41 888	9 989
Finance lease receivables	6 645	3 422
Deferred taxation assets	32 936	36 141
Current assets	369 841	413 312
Inventories	47 249	47 660
Trade and other receivables	179 463	181 962
Finance lease receivables	3 998	2 723
Current taxation assets	7 246	3 203
Cash and cash equivalents	131 885	177 764
Assets classified as held for sale	–	109 222
Total assets	933 155	979 314

	Audited 2010 R'000	Audited 2009 R'000
EQUITY AND LIABILITIES		
Capital and reserves	513 812	497 639
Issued capital	33 453	31 763
Reserves	18 356	17 322
Retained earnings	434 294	420 217
Equity attributable to owners of the Company	486 103	469 302
Non-controlling interest	27 709	28 337
Non-current liabilities	114 583	136 102
Borrowings	88 227	104 530
Deferred taxation liabilities	15 356	9 572
Deferred revenue	11 000	22 000
Current liabilities	304 760	310 364
Trade and other payables	230 144	215 742
Borrowings	50 670	75 008
Current taxation liabilities	6 390	2 317
Deferred revenue	17 556	17 297
Liabilities directly associated with assets classified as held for sale	–	35 209
Total equity and liabilities	933 155	979 314

Condensed segmental analysis for the year ended 30 September 2010

	Audited 2010 R'000	Restated 2009 R'000	% change
Revenue and results from continuing operations by reportable segment			
Revenue	1 321 070	1 232 019	7,2
Retail Solutions	765 871	691 138	10,8
Software	181 589	203 281	(10,7)
Investments	371 885	335 091	11,0
Corporate	1 725	2 509	(31,2)
Profit from operations before interest, amortisation, depreciation, foreign exchange differences and impairments ("EBITDA")	186 853	163 480	14,3
Retail Solutions	92 715	64 666	43,4
Software	17 544	28 273	(37,9)
Investments	90 654	80 191	13,0
Corporate and consolidation adjustments	(14 060)	(9 650)	45,7
Profit before net finance charges, disposal profits, impairments, foreign exchange differences and taxation	115 031	94 354	21,9
Retail Solutions	61 009	28 643	113,0
Software	3 651	17 036	(78,6)
Investments	65 348	59 681	9,5
Corporate and consolidation adjustments	(14 977)	(11 006)	36,1
Depreciation and amortisation	71 822	69 126	3,9
Retail Solutions	31 706	36 023	(12,0)
Software	13 893	11 237	23,6
Investments	25 306	20 510	23,4
Corporate and consolidation adjustments	917	1 356	(32,4)

Note: Comparative figures are reclassified, where necessary, in accordance with current year classifications.

Condensed consolidated statement of cash flows for the year ended 30 September 2010

	Audited 2010 R'000	Restated 2009 R'000	% change
Cash flows from operating activities	142 324	168 118	(15,3)
Cash generated from operations before working capital changes	172 425	233 457	(26,1)
Working capital changes	18 716	8 503	120,1
Cash generated from operations	191 141	241 960	(21,0)
Net finance cost	(6 036)	(15 282)	(60,5)
Taxation paid	(42 781)	(58 560)	(27,0)
Cash flows from investing activities	(78 173)	(66 616)	17,3
Cash flows from financing activities	(110 030)	(66 393)	65,7
Cash and cash equivalents:			
– Net (decrease) increase	(45 879)	35 109	
– At beginning of the period	177 764	142 655	
– At end of the period	131 885	177 764	(25,8)

Notes to the condensed financial information

1. Basis of preparation

This abridged report complies with International Accounting Standard 34 – Interim Financial Reporting as well as with Schedule 4 of the South African Companies Act and the disclosure requirements of the JSE Limited's Listings Requirements. The abridged report has been prepared using accounting policies that comply with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") in issue and effective for the Group at 30 September 2010 and AC500 Standards issued by the Accounting Practice Board and its successor. The accounting policies are consistent with those applied in the financial statements for the year ended 30 September 2009, except as noted below.

In the current period, the Group has complied with the requirements of the revised IFRS 3: Business Combinations and IAS27: Consolidated and Separate Annual Financial Statements, which was issued in January 2008 and is effective for reporting periods beginning on or after 1 July 2009. The adoption of the interpretations as issued by the International Financial Reporting Interpretations Committee, which are effective for the current period, has not led to any changes in the Group's accounting policies. The 2009 income statement has been restated to account for the Group's disposal of UCS Solutions Inc. under the provisions of IFRS 5: Non-Current Assets Held for Sale and Discontinued Operations. The change has not impacted the 30 September 2008 statement of financial position and thus has not been re-presented.

	Audited 2010 R'000	Audited 2009 R'000	% change
2. Reconciliation of earnings to headline earnings			
Earnings attributable to owners of the Company	39 642	27 446	44,4
Adjusted for (net of taxation and non-controlling interest):			
Goodwill impairments			
– continuing operations	–	6 179	
– discontinued operations	10 402	19 649	
Intangible asset impairments	–	1 330	
Profit on disposal of division	(10 701)	(26 007)	
Loss on disposal of equity in subsidiaries	7 155	4 930	
Profit on disposal of property, plant and equipment	(249)	(384)	
Basic headline earnings	46 249	33 143	39,5

	Audited 2010 R'000	Restated 2009 R'000	% change
3. Reconciliation of earnings to headline earnings – continuing operations			
Earnings attributable to owners of the Company	61 746	17 914	244,7
Adjusted for (net of taxation and non-controlling interest):			
Goodwill impairments	–	6 179	
Intangible asset impairments	–	1 330	
Profit on disposal of division	(10 701)	–	
Profit on disposal of equity in subsidiaries	(312)	–	
Profit on disposal of property, plant and equipment	(249)	(384)	
Basic headline earnings	50 484	25 039	101,6
	Continuing operations R'000	Discontinued operations R'000	Total
4. Reconciliation of discontinued operations			
2010			
Revenue	1 321 070	19 305	1 340 375
Normalised EBITDA	186 853	(4 848)	182 005
Profit (loss) for the year	71 711	(22 104)	49 607
2009 (Restated)			
Revenue	1 232 019	266 768	1 498 787
Normalised EBITDA	163 480	32 263	195 743
Profit for the year	25 461	15 110	40 571
	Audited 2010 R'000	Audited 2009 R'000	% change
5. Borrowings			
Interest bearing borrowings	129 139	173 202	(25,4)
Non-interest bearing borrowings	9 758	6 336	54,0
	138 897	179 538	(22,6)
6. Commitments			
Capital	82 730	65 906	25,5
Operating leases	102 262	99 894	2,4
	Audited 2010 R'000	Restated 2009 R'000	% change
7. Capital expenditure			
Tangible assets	50 135	73 877	(32,1)
Intangible assets	104 952	13 786	661,3
	155 087	87 663	76,9

	Audited 2010 R'000	Restated 2009 R'000	% change
8. Operating lease charges			
Premises	38 095	32 135	18,5
Office equipment	1 552	1 262	23,0
Vehicles	1 125	922	22,0
	40 772	34 319	18,8

9. Audit report

The auditors, Deloitte & Touche, have issued their opinion on the Group financial statements for the year ended 30 September 2010.

The audit was conducted in accordance with International Standards on Auditing. They have issued an unmodified audit opinion. A copy of their report is available for inspection at the Company's registered office.

Condensed consolidated statement of changes in equity for the year ended 30 September 2010

	Ordinary share capital R'000	Preference share capital R'000	Share premium R'000	Treasury share reserve R'000
Balance at 1 October 2008	1 448	10	43 255	(1 471)
Profit for the year				
Other comprehensive income for the year				
Total comprehensive income for the year	–	–	–	–
Payment of dividends				
Ordinary shares issued at a premium net of share issue costs	3	–	339	–
Ordinary shares repurchased and cancelled	(24)	–	(8 684)	–
Preference shares converted to ordinary shares	9	(9)	–	–
Preference shares repurchased	–	(1)	(13)	–
Net increase in treasury shares	(14)	–	(4 556)	(457)
Increase in equity-settled employee benefits reserve				
Decrease in non-controlling interest on disposal of subsidiary				
Decrease in non-controlling interest on increase of interest in subsidiary				
Balance at 30 September 2009	1 422	–	30 341	(1 928)
Profit for the year				
Other comprehensive income for the year				
Total comprehensive income for the year	–	–	–	–
Payment of dividends				
Fair value adjustments on treasury shares held	–	–	–	938
Net decrease in treasury shares held	5	–	1 685	(2 401)
Increase in equity-settled employee benefits reserve				
Increase in non-controlling interest on acquisition of interest in subsidiary				
Increase in non-controlling interest on decrease of interest in subsidiaries				
Decrease in non-controlling interest on disposal of subsidiary				
Decrease in non-controlling interest on increase of interest in subsidiary				
Balance at 30 September 2010	1 427	–	32 026	(3 391)

	Equity-settled employee benefit reserve R'000	Foreign currency translation reserve R'000	Change in subsidiary share-holding reserve R'000	Retained earnings R'000
Balance at 1 October 2008	17 026	(68)	–	418 727
Profit for the year	–	–	–	27 446
Other comprehensive income for the year	–	1 272	–	
Total comprehensive income for the year	–	1 272	–	27 446
Payment of dividends				(25 956)
Ordinary shares issued at a premium net of share issue costs				
Ordinary shares repurchased and cancelled				
Preference shares converted to ordinary shares				
Preference shares repurchased				
Net increase in treasury shares				
Increase in equity-settled employee benefits reserve	1 672	–	–	–
Decrease in non-controlling interest on disposal of subsidiary				
Decrease in non-controlling interest on increase of interest in subsidiary	–	–	(652)	–
Balance at 30 September 2009	18 698	1 204	(652)	420 217
Profit for the year				39 642
Other comprehensive income for the year	–	4 881	–	–
Total comprehensive income for the year	–	4 881	–	39 642
Payment of dividends				(25 565)
Fair value adjustments on treasury shares held				
Net decrease in treasury shares held				
Increase in equity-settled employee benefits reserve	418	–	–	–
Increase in non-controlling interest on acquisition of interest in subsidiary				
Increase in non-controlling interest on decrease of interest in subsidiaries	–	–	(984)	–
Decrease in non-controlling interest on disposal of subsidiary	–	–	652	–
Decrease in non-controlling interest on increase of interest in subsidiary	–	–	(2 470)	–
Balance at 30 September 2010	19 116	6 085	(3 454)	434 294

	Attributable to owners of the Company R'000	Non-controlling interest R'000	Total equity R'000
Balance at 1 October 2008	478 927	27 662	506 589
Profit for the year	27 446	13 125	40 571
Other comprehensive income for the year	1 272	–	1 272
Total comprehensive income for the year	28 718	13 125	41 843
Payment of dividends	(25 956)	(3 882)	(29 838)
Ordinary shares issued at a premium net of share issue costs	342	–	342
Ordinary shares repurchased and cancelled	(8 708)	–	(8 708)
Preference shares converted to ordinary shares	–	–	–
Preference shares repurchased	(14)	–	(14)
Net increase in treasury shares	(5 027)	–	(5 027)
Increase in equity-settled employee benefits reserve	1 672	–	1 672
Decrease in non-controlling interest on disposal of subsidiary	–	(6 392)	(6 392)
Decrease in non-controlling interest on increase of interest in subsidiary	(652)	(2 176)	(2 828)

	Attributable to owners of the Company R'000	Non- controlling interest R'000	Total equity R'000
Balance at 30 September 2009	469 302	28 337	497 639
Profit for the year	39 642	9 965	49 607
Other comprehensive income for the year	4 881	–	4 881
Total comprehensive income for the year	44 523	9 965	54 488
Payment of dividends	(25 565)	(7 598)	(33 163)
Fair value adjustments on treasury shares held	938	–	938
Net decrease in treasury shares held	(711)	–	(711)
Increase in equity-settled employee benefits reserve	418	–	418
Increase in non-controlling interest on acquisition of interest in subsidiary	–	6 404	6 404
Increase in non-controlling interest on decrease of interest in subsidiaries	(984)	3 234	2 250
Decrease in non-controlling interest on disposal of subsidiary	652	(14 506)	(13 854)
Decrease in non-controlling interest on increase of interest in subsidiary	(2 470)	1 873	(597)
Balance at 30 September 2010	486 103	27 709	513 812

COMMENTARY

UCS Group is an investment holding company for IT businesses with a primary focus on Software, Solutions and Services for selected markets.

The results for the year reflect a gradual improvement in the challenging market and trading conditions experienced in the previous financial year. Certain historical disposals aimed at making the Group's businesses more predictable led to a reduction in the Group's exposure to large-scale projects of a once-off nature. These factors, together with strong management focus on cost containment, contributed positively to improved earnings for the period.

With effect from 31 August 2010, the Group also disposed of its interest in UCS Solutions Incorporated ("UCS Solutions Inc.") in Philadelphia to the management team. This business did not demonstrate the potential to evolve from a pure project focused operation into a strong ongoing outsourced application hosting and support relationship. We, therefore, decided to reposition our interests in the USA market through a channel partner relationship versus a direct interest. This was achieved through entering into a management buyout and implementing a reseller arrangement and a resource sharing arrangement. This has the effect of further reducing the Group's exposure to high-cost overhead structures associated with non-predictable revenue streams.

In accordance with IFRS reporting standards, the results of this disposed investment are accounted as discontinued operations and comparative figures have been restated accordingly.

Following the acquisition of Argility Limited, finalised in May 2010, and the ensuing internal restructuring to consolidate the Group's ownership, management and development within an enlarged Argility, the Group has created a third reporting division named the 'Software Division' which also includes the Aquitec operations and Cquential, which were previously reported under the Retail Solutions Division. The comparative year has been restated for current year classifications.

Overall, the results for the year reflect a gradual improvement in market and trading conditions for the Group, although the strengthening of the Rand had a negative impact on the consolidation of the Group's international operations as well as its domestic revenues associated with the sale of imported products. Revenue growth for the year was 7,2% (organic 7,0%) whilst EBITDA grew by 14,3%, reflecting a trading margin of 14,1% (2009: 13,3%).

DIVISIONAL REVIEW

Retail Solutions Division

The core Retail Solutions Division reported a strong performance, with a 10,8% growth in revenue converting to a 43,4% improvement in EBITDA excluding the effect of the disposed UCS Solutions Inc. operation. The Division secured a further 4 strategic partnerships in Africa and UCS products are now installed in 8 African countries. The projects pipeline as well as projects delivered showed good improvement in the last quarter of the 2010 financial year.

Software Division

The newly constituted Software Division reported almost opposite results, with a 10,7% decline in revenues converting to a 37,9% decline in EBITDA following the acquisition of the start-up Cquential Software as a service (SaaS) business from May and the acquisition of the Argility business from June.

Since then, the Group has made good progress in the consolidation of the ownership, management, development and commercial exploitation of the Group's other retail software assets within an enlarged Argility business. The cost and efficiency benefits of this consolidation exercise are expected to flow in the medium term through the elimination of duplicate R&D expenditure across different products, with the main benefits expected to materialise in the next generation platforms which will be expedited through this consolidation of talent and IP resources.

The collaboration agreement entered into between the Group and Cordys in the Netherlands during February has required a significant investment in education and training of the software engineering and support teams to build competence and expertise in the Cordys software product range. The Argility business is now well set to incorporate the Cordys technologies within the next generation product offerings which are planned to be piloted in the furniture retail sector by April 2011.

Investments Division

The Investments Division reported another set of solid results for the year, with revenues up by 11% and EBITDA up by 13%. These results were achieved during a period when the Group continued to invest in the extension of its service and product lines into the domestic retail market with good progress achieved in building of the Value Added Service ("VAS") initiative.

During the year, the Group exercised its right to increase its 10% stake in wiWallet Mobile Payments to a 51% stake. Further, the Group acquired the Radical Business Unit from Dynamic Visual Technologies to ensure ownership of the software for treasury management for retail loyalty systems and then acquired a 51% stake Volume & Affinity Risk Management, a business providing insurance products for resale through retail channels. These acquisitions, although relatively small in terms of cost and size, are strategic in nature and greatly increase the potential scope of the Group's future VAS offerings to the retail sector.

FINANCIAL REVIEW

Prior year income statement figures have been restated to exclude the earnings result of the disposed operation of UCS Solutions Inc., the SAP All-in-One practice in which Universal Computer Software UK Limited ("UCS UK"), a wholly-owned subsidiary of UCS Group Limited ("UCS Group" or the "Group") disposed of its 92,5% equity interest to the remaining management shareholders, effective 31 August 2010. On this basis and in accordance with IFRS, the results of UCS Solutions Inc. are disclosed, net of tax, as 'profit from discontinued operations' in the statement of comprehensive income for the current and comparable period.

Revenues from continuing operations were up 7,2% to R1,3 billion (2009: R1,2 billion). Revenue growth is mainly organic with less than 0,2% attributable to acquisitions. Annuity revenues showed growth of 5% to R726 million (2009: R691 million) representing 55% (2009: 55.4%) of total revenues.

Normalised profit from operations before interest, depreciation, amortisation, impairments and foreign exchange differences (EBITDA) increased by 14,3% to R186,9 million (2009: R163,5 million) reflecting a margin of 14,1% (2009: 13,3%).

UCS Solutions (Proprietary) Limited ("UCS Solutions"), an indirectly held wholly owned subsidiary company of UCS Group, earned a net R12,4 million upside payment on the achievement of the first year's revenue target for the annual period ended 31 July 2010 applicable to the disposal of the Enterprise Solutions division ("ES division") of UCS Solutions to HCL Axon (Proprietary) Limited in the prior year.

Together with the foreign exchange losses, which are mainly unrealised on the translation of foreign loan accounts with subsidiary companies, totaling R8,2 million (2009: R10,6 million), the upside profit related to the ES division have been excluded from normalised EBITDA and PBIT. Normalisation adjustments in the prior year relate to the impairment of intangible assets and goodwill of R8 million and foreign exchange losses.

Normalised PBIT increased by 21,9% to R115 million (2009: R94,4 million) reflecting a margin of 8,7% of revenues versus a comparable 7,7% in the previous year.

Finance charges, net of interest and investment revenues, decreased by 74,1% to R4,7 million (2009: R18 million). The substantial decrease is due to the Group's reducing interest bearing debt as well as the R3 million dividend earned on the preference shares issued to UCS Solutions Holdings (Proprietary) Limited, a wholly-owned subsidiary of UCS Group, as part consideration for the entire 60% equity interest in TSS Managed Services (Proprietary) Limited ("TSSMS"), disposed of effective 1 October 2009.

Taxation charges (including capital gains tax, STC and withholding taxes) increased by 33,6% to R43 million (2009: R32,2 million) comprising normal taxation of R42,8 million (2009: R33,3 million) and deferred tax of R0,2 million (2009: credit R1,1 million), representing an effective tax rate of 37,5% (2009: 55,9%) for the year. Excluding losses included in profit before tax for which no tax benefit has been accrued as well as other once-off related tax charges the normalised effective tax rate is calculated at 29% (2008: 30,1%).

The current year loss from discontinued operations relates entirely to the operating and disposal result of UCS Solutions Inc. whilst the prior year profit from discontinued operations, restated for the operating result of UCS Solutions Inc., includes the after tax income of DiverselT, the ES division and TSSMS.

Profit attributable to UCS Shareholders of R39,6 million, after minority interest, represents an increase of 44,4% from the comparable prior period.

Earnings per share, including discontinued operations in the current and prior years, increased by 46,3% to 13,9 cents (2009: 9,5 cents). The difference between earnings per share and headline earnings per share relates mainly to the aforementioned upside payment associated with the ES division, net of taxation effects, equating to 3,8 cents and the impairment and equity losses recognised associated with the disposals effective in the year equating to 6,2 cents. Headline earnings per share increased 42,1% to 16,2 cents (2009: 11,4 cents).

In the current year the capital expenditure of R49,4 million, largely driven by infrastructure and hardware related investments backed by customer utilisation and contracted requirements, is congruent with the annual depreciation for the year of R45,2 million as well as disposals of R7,9 million.

The increase in goodwill of R11,2 million, associated with the acquisitions detailed below, was offset by the goodwill associated with UCS Solutions Inc. written off on disposal of R10,4 million.

The substantial increase in intangible assets, after amortisation of R26,6 million, relates predominantly to computer software and associated capitalised development costs acquired on the acquisition of Argility Limited and Cquential Solutions of R81 million as well as to approved capital expenditure of R24 million, of which R8,4 million relates to development costs capitalised.

The increase in investments and loans receivable is attributable to redeemable preference shares in TSS of R30 million on which a dividend is earned annually, for the period the shares are in issue, based on pre-determined annual performance thresholds.

Total borrowings decreased by 22,6% from R180 million to R139 million of which R110 million (2009: R141 million) represents external financial institution debt contributing to the 25% improvement in the Group's debt/equity ratio from 36% to 27%.

Excluding receivables held for sale in the prior year, trade receivables decreased by 5% due to improved collections supported by the improvement in debtors' days from 52,2 days to 49,9 days.

Cash generated from operations, which includes discontinued operations, is down 26,1% to R172,4 million (2009: R233 million). Excluding the contribution of discontinued operations in the prior year for comparative purposes, as well as the cash effect of an upfront three year license deal of R33 million included in cash generated from operations in the previous year, of which one third is included in EBITDA in the current year, cash generated from operations would be 2,3% improved on the previous year.

A net R32,5 million was realised by the Group in the year on the disposal of TSSMS while R73,3 million was invested in capital expenditure for the same period. R49,4 million was applied to funding acquisitions of which Argility Limited comprised R44,2 million.

The Group applied R110 million (2009: R66,4 million) to financing activities reducing bank borrowings as well as settling vendor obligations of R21,7 million following the achievement of warranted profit targets.

Staff complement at the end of September 2010 was 2 315 (2009: 2 270 – restated to exclude TSSMS and UCS Solutions Inc.).

ACQUISITIONS

1. In respect of the loan facility entered into with WiWallet Mobile Payments (Proprietary) Limited (“wiWallet”), UCS exercised its rights in terms of the option agreement whereby the agreed total start-up facility of R1,76 million was converted into 40% in wiWallet, taking its total equity ownership to 50% with effect from 27 October 2009. In August 2010, UCS acquired a further 1% for a consideration of R1,2 million resulting in a 51% equity ownership in wiWallet.
2. With effect from 30 November 2009, UCS entered into a Sale of Shares Agreement whereby it increased its 51% interest in Lifeworld Group (Proprietary) Limited (“Lifeworld”) to 100%, for a nominal consideration. The company subsequently changed its name to Innervation Value Added Services (Proprietary) Limited.
3. With effect from 1 December 2009, Lifeworld acquired the going concern business referred to as the Radical Business Unit from Dynamic Visual Technologies (Gauteng) (Proprietary) Limited for a total cash consideration of R1,5 million, net of working capital requirements.
4. On 9 April 2010, UCS entered into a Sale of Shares Agreement for the acquisition of 51% of the issued share capital of Volume and Affinity Risk Management (Proprietary) Limited for a purchase consideration of R1 million, with a further potential upside payment limited to a maximum of R5 million.
5. Effective 30 April 2010, UCS entered into a Sale of Shares and Claims Agreement with the Industrial Development Corporation of South Africa Limited (“IDC”) to acquire 49% of the issued share capital of Cquential Solutions (Proprietary) Limited (“Cquential”) and all claims which the IDC may have against Cquential, for a purchase consideration of R12 million with a further potential upside payment capped at R10 million. UCS further entered into a Sale of Shares Agreement with the remaining shareholders of Cquential being predominantly management, to acquire a further 7% equity interest in Cquential for a nominal purchase consideration of R28. In addition, UCS would provide working capital funding limited to a maximum of R15 million.
6. On 15 March 2010, UCS announced it had formally submitted to the Argility (Proprietary) Limited (“Argility”) Board of Directors a notice of its firm intention to make an offer to the Argility shareholders to acquire the issued ordinary share capital in Argility held by them by way of a scheme of arrangement in terms of Section 311 of the Companies Act No 61 of 1973, as amended (“Companies Act”). Following approval by in excess of 90% of the UCS Shareholders who were entitled to vote at the UCS General Meeting held on 12 April 2010 and the 100% approval of the scheme by Argility shareholders present or represented by proxy at the General Meeting held on 11 May 2010, the court granted an order sanctioning the scheme in terms of Section 311 of the Companies Act on 18 May 2010. Accordingly, with effect from 1 June 2010, UCS acquired the entire issued share capital of Argility, which shares were acquired in terms of the scheme, for a cash purchase consideration of R1.55 per Argility share being R44,2 million in aggregate.

DISPOSALS

1. Prior to the 2009 financial year end, UCS Solutions Holdings (Proprietary) Limited concluded a Share Purchase and Repurchase Agreement with Tactical Software Systems (Proprietary) Limited and TSS Managed Services (Proprietary) Limited (“TSSMS”) whereby UCS Solutions Holdings agreed to dispose of its entire 60% shareholding in TSSMS by way of the repurchase and the share sale, in one composite transaction. The total potential transaction consideration (inclusive of a potential upside capped at a maximum further R45 million) could be R125 million (excluding interest and dividends). The transaction was approved by shareholders at a General Meeting held on 3 November 2009 which represented the final suspensive condition to concluding the transaction.
2. With effect from 31 August 2010, Universal Computer Software UK (“UCS UK”), a wholly owned subsidiary of UCS Group, disposed of its entire 92,5% equity interest in UCS Solutions Inc. to the management shareholders who held the remaining 7,5% for a nominal consideration of \$1.
3. Effective 30 September 2010, UCS disposed of 30% equity interest to the management members of UCS Dynamics Software Solutions (Proprietary) Limited for a consideration of R2.250 million reducing UCS Group’s interest in UCS Dynamics to 70%.

CONTINGENT LIABILITY

As disclosed in the Group's 2009 Annual Report, a claim for repudiation of contract and damages against a subsidiary company remains unresolved.

PROSPECTS

The outlook for the domestic retail market is favourable, with retail business confidence improving and consumer spending forecast to show another year of positive growth in 2011, albeit at a possibly slower rate than in 2010.

Internationally, the outlook is highly variable and dependent on particular markets. European retail sales are expected to show very marginal growth which will be coming under further pressure due to various austerity measures. The US retail market is also forecast to be sluggish, due to consumer cautiousness and a shift to higher saving patterns whilst further retail consolidation is likely. The BRIC countries are forecast to continue recovering strongly but there are significant challenges in accessing the retail sectors in India and China.

The Group's core solutions and services businesses are all well placed (strategically and operationally), well managed and have good foundations for further growth in the year ahead.

The management team's biggest immediate focus will be on getting the new enlarged, consolidated Argility software business to achieve monthly profitability within this new financial year whilst achieving aggressive delivery targets for new product releases built on the Cordys business operations platform. In addition, the start-up Cquential SaaS business is wholly based on annuity revenue models and is currently planned to achieve monthly profitability by third quarter 2011.

A similar focus will be applied to certain VAS businesses to achieve monthly profitability this year although the risk profile is very different to the Software Division's with downside risk relatively limited compared to upside potential.

Overall, whilst retail market conditions look promising to neutral, trading conditions can change very quickly as seen in recent times. In addition, currency fluctuations make planning very challenging.

Based on current visibility, budgets and business plans management is cautiously optimistic that UCS Group will generate good growth in all main criteria of sales, earnings and cash flows for the year to September 2011.

The prospects information has not been reviewed and reported on by UCS Group's auditors.

DIVIDEND DECLARATION

Notice is hereby given that the Board of Directors has declared a final dividend of 5 cents per ordinary share in respect of the financial year ended 30 September 2010. The dividend will be paid on Monday 14 February 2011. To comply with the procedures of Strate Limited, the last day to trade in the shares for the purpose of entitlement to the final dividend is Friday 4 February 2011. The shares will commence trading ex-dividend on Monday 7 February 2011 and the record date will be Friday 11 February 2011.

Share certificates may not be dematerialised or rematerialised between Monday 7 February 2011 and Friday 11 February 2011, both days inclusive.

D F Coles
(Chairman)

J D Bright
(Chief Executive Officer)

23 November 2010

CONDENSED INCOME STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Reviewed 2008 R'000	Audited 2007 R'000	% change
Revenue	1 225 743	1 070 539	14,5
Profit from operations before interest, depreciation, amortisation and research and development expenditure	212 060	270 613	(21,6)
Amortisation of intangible assets	(28 439)	(27 954)	1,7
Adjustment to goodwill	–	(1 270)	(100,0)
Depreciation of property, plant and equipment (including rental equipment)	(36 510)	(34 124)	7,0
Research and development expenditure	(9 102)	(21 425)	(57,5)
Profit before net interest paid and taxation	138 009	185 840	(25,7)
Finance charges	(16 431)	(8 281)	98,4
Investment revenues	7 331	6 963	5,3
Profit before taxation	128 909	184 522	(30,1)
Taxation	(21 488)	(17 916)	19,9
Profit for the year	107 421	166 606	(35,5)
<i>Attributable to:</i>			
Equity holders` of the parent	95 809	153 254	(37,5)
Minority interest	11 612	13 352	(13,0)
Earnings per share (cents)			
– Basic	33,3	57,4	(42,0)
– Diluted	32,2	54,1	(40,5)
Dividends paid per share (cents)	9,0	8,0	12,5
Net asset value per share (cents)	165,3	136,5	21,1
Ordinary shares in issue ('000)	289 676	283 841	2,1
Weighted average number of ordinary shares in issue ('000)	287 560	267 098	7,7
Diluted number of ordinary shares ('000)	297 913	283 496	5,1
Headline earnings per share (cents)			
– Basic	31,9	34,7	(8,1)
– Diluted	30,8	32,7	(5,8)

CONDENSED BALANCE SHEET AS AT 30 SEPTEMBER 2008

	Reviewed 2008 R'000	Audited 2007 R'000
1. ASSETS		
Non-current assets	569 815	430 733
Property, plant and equipment (including rental equipment)	64 869	72 754
Intangible assets	118 027	65 775
Goodwill	311 660	250 522
Investments and loans receivable	22 362	7 028
Finance lease receivables	4 397	–
Deferred tax assets	48 500	34 654
Current assets	430 185	371 582
Inventory	42 565	28 034
Trade and other receivables	223 847	182 048
Loans receivable	–	15 915
Finance lease receivables	5 276	–
Taxation	4 226	762
Assets held for sale	11 616	–
Cash and cash equivalents	142 655	144 823
Total assets	1 000 000	802 315
2. EQUITY AND LIABILITIES		
Capital and reserves	506 589	410 769
Equity attributable to equity holders of the parent	478 927	387 402
Minority interest	27 662	23 367
Non-current liabilities	157 334	65 406
Long term loans	139 017	55 277
Deferred tax liabilities	18 317	10 129
Current liabilities	336 077	326 140
Trade and other payables	222 711	205 980
Current portion of long term loans	76 541	93 543
Revenue received in advance	11 780	7 408
Taxation	25 045	19 209
Total equity and liabilities	1 000 000	802 315

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Share capital R'000	Preference share R'000	Share premium R'000	Treasury share reserve R'000
Balance at 1 October 2006	1 246	25	69 767	–
Exchange differences arising on translation of foreign operations				
Net income recognised directly in equity Profit for the year				
Total recognised income and expense for the year				
Ordinary shares issued at a premium net of share issue costs	167	–	84 457	–
Fair value adjustments for equity instruments issued or to be issued		–	37 337	–
Preference shares converted to ordinary shares	6	(6)		
Preference shares repurchased		(1)	(35)	–
Treasury shares held	(9)	–	(8 076)	–
Increase in share based payment reserve				
Argility Limited unbundling dividend <i>in specie</i>	–	–	(158 448)	–
Dividend paid				
Minority acquired share of equity in subsidiaries				
Minorities share of equity acquired				
Balance at 30 September 2007	1 410	18	25 002	–
Exchange differences arising on translation of foreign operations				
Net income recognised directly in equity Profit for the year				
Total recognised income and expense for the year				
Ordinary shares issued at a premium net of share issue costs	27	–	12 384	–
Preference shares converted to ordinary shares	8	(8)	–	–
Transfer to treasury share reserve	–	–	467	(467)
Net decrease in treasury shares	3		5 402	
Fair value adjustments on treasury shares held	–	–	–	(1 004)
Increase in share based payment reserve				
Dividend paid				
Minority increase in share of equity in subsidiary				
Minorities share of equity acquired in subsidiaries				
Balance as at 30 September 2008	1 448	10	43 255	(1 471)

	Share based payment reserve R'000	Foreign currency Translation reserve R'000	Accumulated Profit R'000
Balance at 1 October 2006	8 093	(340)	222 205
Exchange differences arising on translation of foreign operations	–	99	–
Net income recognised directly in equity	–	99	–
Profit for the year	–	–	153 254
Total recognised income and expense for the year	–	99	153 254
Ordinary shares issued at a premium net of share issue costs			
Fair value adjustments for equity instruments issued or to be issued			
Preference shares converted to ordinary shares			
Preference shares repurchased			
Treasury shares held			
Increase in share based payment reserve	4 246	–	–
Argility Limited unbundling dividend in specie	–	–	(5 224)
Dividend paid	–	–	(21 361)
Minority acquired share of equity in subsidiaries			
Minorities share of equity acquired			
Balance at 30 September 2007	12 339	(241)	348 874
Exchange differences arising on translation of foreign operations	–	173	–
Net income recognised directly in equity	–	173	–
Profit for the year	–	–	95 809
Total recognised income and expense for the year	–	173	95 809
Ordinary shares issued at a premium net of share issue costs			
Preference shares converted to ordinary shares			
Transfer to treasury share reserve			
Net decrease in treasury shares			
Fair value adjustments on treasury shares held			
Increase in share based payment reserve	4 687	–	–
Dividend paid	–	–	(25 956)
Minority increase in share of equity in subsidiary			
Minorities share of equity acquired in subsidiaries			
Balance at 30 September 2008	17 026	(68)	418 727

	Attributable to equity holders of the parent R'000	Minority Interest R'000	Total Equity R'000
Balance at 1 October 2006	300 996	38 448	339 444
Exchange differences arising on translation of foreign operations	99	–	99
Net income recognised directly in equity	99	–	99
Profit for the year	153 254	13 352	166 606
Total recognised income and expense for the year	153 353	13 352	166 705
Ordinary shares issued at a premium net of share issue costs	84 624	–	84 624
Fair value adjustments for equity instruments issued or to be issued	37 337	–	37 337
Preference shares converted to ordinary shares	–	–	–
Preference shares repurchased	(36)	–	(36)
Treasury shares held	(8 085)	–	(8 085)
Increase in share based payment reserve	4 246	224	4 470
Argility Limited unbundling dividend <i>in specie</i>	(163 672)	–	(163 672)
Dividend paid	(21 361)	(3 292)	(24 653)
Minority acquired share of equity in subsidiaries	–	3 067	3 067
Minorities share of equity acquired	–	(28 432)	(28 432)
Balance at 30 September 2007	387 402	23 367	410 769
Exchange differences arising on translation of foreign operations	173	–	173
Net income recognised directly in equity	173	–	173
Profit for the year	95 809	11 612	107 421
Total recognised income and expense for the year	95 982	11 612	107 594
Ordinary shares issued at a premium net of share issue costs	12 411	–	12 411
Preference shares converted to ordinary shares	–	–	–
Transfer to treasury share reserve	–	–	–
Net decrease in treasury	5 405	–	5 405
Fair value adjustments on treasury shares held	(1 004)	–	(1 004)
Increase in share based payment reserve	4 687	–	4 687
Dividend paid	(25 956)	(12 426)	(38 382)
Minority increase in share of equity in subsidiary	–	2 390	2 390
Minorities share of equity acquired in subsidiaries	–	2 719	2 719
Balance at 30 September 2008	478 927	27 662	506 589

CONDENSED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Reviewed 2008 R'000	Audited 2007 R'000	%
Cash received from operating activities	82 358	118 850	(30,7)
Cash generated from operations	199 350	178 720	11,5
Working capital changes	(31 521)	(18 533)	70,1
Cash generated from operating activities	167 829	160 187	4,8
Net investment revenues and finance charges	(8 567)	433	
Taxation paid	(37 614)	(17 463)	
Dividends paid	(39 290)	(24 307)	
Cash applied to investing activities	(162 794)	(69 055)	135,7
Cash received from (applied to) financing activities	78 268	(1 804)	
Cash and cash equivalents			
– net (decrease) increase	(2 168)	47 991	
– at beginning of the year	144 823	96 832	
– at end of the year	142 655	144 823	(1,5)

CONDENSED SEGMENTAL ANALYSIS FOR THE YEAR ENDED 30 SEPTEMBER 2008

	Reviewed 2008 R'000	Audited 2007 R'000	% change
Revenue	1 225 743	1 070 539	14,5
Software	475 346	376 927	26,1
Solutions and services	747 897	693 612	7,8
Corporate	2 500	–	100,0
Profit from operations before interest and depreciation and amortisation (EBITDA)	202 958	249 188	(18,6)
Software	90 960	124 451	(26,9)
Solutions and services	119 843	133 778	(10,4)
Corporate and eliminations	(7 845)	(9 041)	(13,2)
Profit before interest and taxation (PBIT)	138 009	185 840	(25,7)
Software	66 060	98 086	(32,7)
Solutions and services	80 244	98 540	(18,6)
Corporate and eliminations	(8 295)	(10 786)	(23,1)
Normalised adjustments applicable to EBITDA and PBIT*	8 184	73 990	
Normalised EBITDA	194 774	175 198	11,2
Software	82 776	58 726	41,0
Solutions and services	119 843	125 513	(4,5)
Corporate and eliminations	(7 845)	(9 041)	(13,2)
Normalised PBIT	129 825	111 850	16,1
Software	57 876	32 361	78,8
Solutions and services	80 244	90 275	(11,1)
Corporate and eliminations	(8 295)	(10 786)	(23,1)
Depreciation and amortisation including goodwill adjustments	64 949	63 348	2,5
Software	24 900	26 365	(5,6)
Solutions and services	39 599	35 238	12,4
Corporate and eliminations	450	1 745	(74,2)
Research and development expenditure	9 102	21 425	(57,5)
Software	5 132	17 707	(71,0)
Solutions and services	3 970	3 718	6,8

Note: Comparative figures have been reclassified, where necessary, in accordance with current year classifications. In the current year, Destiny Electronic Commerce was re-classified from the Software division to the Solutions and Services division.

* Normalisation adjustments in the current year relate to the negative goodwill and foreign loan adjustments realised on the acquisition of Aquitec. Comparative year normalisation adjustments relate to the profit on creation and unbundling of Argility Limited and the profit on sale of the network division to Internet Solutions of R65,725 million and R8,265 million respectively.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation

This preliminary report complies with International Accounting Standard 34 – Interim Financial Reporting as well as with Schedule 4 of the South African Companies Act (No. 61 1973), as amended, and the disclosure requirements of the Listings Requirements of the JSE Limited. The preliminary report has been prepared using accounting policies that comply with International Financial Reporting Standards. The accounting policies are consistent with those applied in the financial statements for the year ended 30 September 2007. In the current year, the Group adopted IFRS7 – Financial Instruments Disclosures, which is effective for annual reporting periods beginning on or after 1 January 2007 and the consequential amendments to IAS 1 – Presentation of Financial Statements. The impact of the adoption of IFRS7 and changes to IAS 1 will be to expand the disclosure provided in the annual financial statements for the year ending 30 September 2008 regarding the Group's financial instruments and management of capital. The adoption of the interpretations as issued by the International Financial Reporting Interpretations Committee, which are effective for the current year, has not led to any changes in the Group's accounting policies. For a better understanding of the Group's financial position, the results of its operations and cash flows for the year, this summarised preliminary report of annual results should be read in conjunction with the annual financial statements from which this announcement was derived.

	Reviewed 12 months 2008 R'000	Audited 12 months 2007 R'000	% change
2. Reconciliation of earnings to headline earnings			
Earnings attributable to equity holders` of the parent	95 809	153 254	(37,5)
Preference share entitlement	17	28	
Basic earnings	95 792	153 226	(37,5)
Adjusted for:			
Goodwill adjustment	–	1 270	
Assessed losses not previously recognised at acquisition	–	(1 270)	
Negative goodwill realised	(3 316)	–	
Profit on sale of a division by a subsidiary company	–	(5 368)	
Profit on sale of equity in subsidiary	(664)	–	
Profit on sale of Intellectual Property and Software Products to Argility Limited (Product Co)	–	(54 809)	
Profit on disposal of property, plant and equipment	(195)	(503)	
Basic headline earnings	91 617	92 546	(1,0)
3. Commitments			
Capital	36 012	13 642	
Operating leases	55 433	57 051	
4. Borrowings			
Interest bearing borrowings	204 624	126 942	
Non-interest bearing borrowings	11 456	21 878	
	216 080	148 820	
5. Capital expenditure			
Tangible assets	52 073	62 254	
Intangible assets	82 272	19 593	
	134 345	81 847	
6. Operating lease charges			
Premises	26 677	21 242	
Office equipment	1 274	573	
Vehicles	–	37	
	27 951	21 852	

7. REVIEW OPINION

The annual financial statements from which this financial information has been derived have been reviewed by Deloitte & Touche whose unmodified review opinion is available for inspection at the registered office of the company.

COMMENTARY

Overview

UCS Group is an investment holding company for IT businesses with a primary focus on Software, Solutions and Services for selected markets. The Group has achieved a leadership position in its domestic retail market and is currently expanding certain of its retail offerings and services into selected international markets. More than 75% of the permanent staff of over 2 500 people are employed in servicing the retail client base.

The year to September 2008 was a challenging one for UCS Group.

The strength of our underlying annuity business model, our focus on selected market segments where we add genuine value for our customers together with effective talent management and retention programs have ensured that we are able to report a set of results that build on the past and grows the foundation for the future.

The SA economy itself has thus far been relatively isolated from direct exposure to the fallout in global credit markets largely due to exchange control legislation but the indirect consequences of the global economic crisis are clearly evident in the recent dramatic volatility of the Rand against most major currencies, the substantial reduction in the market capitalization of most companies listed on the JSE as well as the futures pricing for most of SA's key natural resources.

These factors, combined with the existing pressures on SA consumers caused by high domestic interest rates, rapidly escalating fuel and food costs and the general tightening of consumer credit availability, have put the Group's predominantly retail customer base under significant pressure and in particular caused the delay or cancellation of certain large-scale consulting projects as reported at our interim stage.

We also reported at interim stage that the power crisis that caused national load shedding during the first quarter of the calendar year had resulted in significant productivity declines, particularly in our field service operations.

Against this background, we are pleased to report that UCS Group has recorded acceptable trading results for the full year to September 2008.

Operational Review

Most of the trading units within the Group achieved results in line with expectations and budgets, although there were exceptions based largely on market conditions and other factors beyond the direct control of their management teams.

Effective execution of our strategy for our software businesses has continued to deliver the expected margin improvements in the Software Division, which recorded a 26,1% growth in revenue to R475 million (2007: R377 million), a 41,0% growth in normalised EBITDA to R83 million (2007: R59 million) representing 17,4% of revenues (2007: 15,6%) and an 78,8% increase in normalised PBIT to R58 million (2007: R32 million) representing 12,2% of revenues (2007: 8,6%). Revenue growth contributed by the Aquitec acquisition in March was 5,0%, with the balance of 21,1% revenue growth coming from existing operations. Excluding the effects of the Aquitec acquisition, normalised EBITDA was up by 36,4% to R80 million (2007: R59 million) representing 17,6% of revenues (2007: 15,6%) and normalised PBIT was up by 81,4% to R58 million (2007: R32 million) representing 12,9% of revenues (2007: 8,6%).

The performance within our Solutions & Services Division this year was mixed, with most units recording solid results under challenging market conditions, but with our UCS Solutions business suffering as a result of the postponement or cancellation of certain large scale retail consulting projects during the first half of the year. Overall, this division recorded a 7,8% growth in revenue to R748 million (2007: R694 million), a 4,5% decline in normalized EBITDA to R120 million (2007: R126 million) representing 16,0% of revenues (2007: 18,1%) and an 11,1% decline in normalised PBIT to R80 million (2007: R90 million) representing 10,7% of revenues (2007: 12,8%).

All revenue growth in this division was attributable to the effects of current year and prior year acquisitions. Excluding the effects of these acquisitions, the division recorded a 13,1% decline in normalised EBITDA to R109 million (2007: R126 million) representing 15,6% of revenues (2007: 17,8%) and a 20,1% decline in normalised PBIT to R72 million (2007: R90 million) representing 10,2% of revenues (2007: 12,8%).

Financial Overview

Overall, UCS Group recorded a 14,5% growth in revenue to R1,226 million (2007: R1,071 million), an 11,2% growth in normalised EBITDA to R195 million (2007: R175 million) representing 15,9% of revenues (2007: 16,4%) and a 16,1% increase in normalized PBIT to R130 million (2007: R112 million) representing 10,6% of revenues (2007: 10,4%). Organic revenue growth for the year amounted to 10,1%, with the balance of 4,4% attributable to current year and prior year acquisitions. Excluding the effects of these acquisitions, normalised EBITDA grew 5,8% to R181 million (2007: R174 million) representing 15,4% of revenues (2007: 16,2%) and normalised PBIT grew 10,9% to R122 million (2007: R110 million) representing 10,4% of revenues (2007: 10,4%).

At Group level, Headline Earnings Per Share declined by 8,1% to 31,9 cents (2007: 34,7 cents) largely due to the increase in the interest and tax expense as well as the increase in the weighted average number of shares in issue in comparison to the prior year. This includes the impact of a net R13,4 million deferred tax credit (2007: 10,8 million) passed to raise the deferred tax asset in respect of the accumulated tax losses in the Destiny Electronic Commerce subsidiary company (2007: UCS Solutions subsidiary). Excluding this deferred tax credit as well as the profit realized on the loan revaluation relating to the Aquitec acquisition, headline earnings per share would have come in at 25,5 cents and shown a decrease of 17,9% over the prior year adjusted 31,1 cents.

Our strong cash flows are attributable to our focus on the generation of annuity revenue streams as well as continuous and effective management of our debtor books. We are pleased to report an 11,5% increase in our cash generated from operations to R199 million (2007: 179 million) which represents 102% (2007: 102%) of our normalised EBITDA. This correlation continues to support the quality of our earnings. Cash and cash equivalent balances, after substantial investing activities, was relatively flat at R143 million (2007: R145 million) despite the significant additional working capital requirements of the enlarged Group.

The Group's total assets as at 30 September 2008 total R1 billion for the first time with the acquisition of Aquitec and CSC contributing R170 million of assets, predominantly intangible, during the period under review. Group debt increased to R216 million (2007: R149 million) essentially due to the R53 million raised as acquisition finance to part fund the R67,5 million upfront purchase consideration in respect of the CSC acquisition concluded in September 2008 as well as the entering into a sale and leaseback agreement for a portion of the Group's rental stock amounting to R9,1 million. Of this total debt balance at year end R168 million (2007: R42 million) is true bank debt which amounts to 33,1% (2007: 10,2%) of equity. Total debt came to 42,6% (2007: 36,3%) of equity. The total level of debt remains within the estimated Group optimal capital structure of 43% debt to equity and still reflects a comfortable interest cover ratio of approximately 8 times based on normalised PBIT.

The current ratio showed a slight improvement to 1.3 to 1 (2007: 1.1 to 1), net asset value per share increased by 21% to 165,3c (2007: 136,5c) and tangible net asset value per share showed a deterioration of 20% to 23 cents (2007: 28,7 cents).

During the year, the Group issued 7 million new ordinary shares of which 4,6 million were issued to honour staff incentives while R2,4 million were issued in settlement of the balance of the purchase consideration owed to the vendors of DiverselT.

No new market priced options were granted under the UCS Group Limited Staff Share Trust during the period under review. A total of 5,8 million market priced options were forfeited during the year either as a consequence of the cessation of employment or the election by staff to accept zero cost options on the scheme proposed by the board and approved by shareholders at the general meeting held on 5 November 2008. After taking this into consideration together with the 2,9 million market priced options exercised during the year, a total of 13,2 million market priced options were still in issue at year end (2007: 22,0 million) and 2,7 million zero cost options (2007: nil). Taking these factors into account the Group's diluted headline earnings per share decreased by 5,8 to 30,8 cents (2007: 32,7 cents).

The Group accumulated 1,2 million shares during the 2008 financial year through a general buy-back initiative. The board has the authority to buy back up to 20% of the shares in issue until the next annual general meeting representing 58,4 million shares.

Strategic Review and Objectives

Strategically, the Group continued the execution of its stated intention to create a significant Value Added Services (VAS) unit. The two more significant initiatives concluded in this regard were the decisions to

launch the 4Life multi-vendor loyalty program through our LifeWorld business unit in August and the acquisition by our Destiny Electronic Commerce unit of a 70% share in the business of Computer Software Consultants (CSC) with effect from September.

On the international front, the unfolding global financial crisis had an extremely negative influence on our general sales activities, but we continued to build for the future with the acquisition of the Aquitec business from March this year providing us with offices and infrastructure in the UK and Chicago, USA.

A senior UCS executive has been appointed to manage this offshore business and assist in positioning it to improve and enhance its warehouse management software and service offerings to its existing clients as well as to serve as a platform from which to grow the rest of the international offerings of our future Retail Solutions Division. This business also provides an infrastructure from which to support our on-going international sales efforts for our unique retail application software manufacturing unit, UCSSM.

In addition, we have provided loan funding which is convertible into equity for the start-up of a new business unit in Philadelphia, USA. The business has been positioned to leverage "Ready to Retail", our highly successful SAP All-in-One Retail framework for the mid-tier USA market, where we have been awarded a SAP AIO partner status. This unit, which was only officially launched in January this year, has done well to establish a reasonable sales pipeline during this time and win its first customer order.

Although market conditions are tough, we are well placed to successfully compete for business in the US as we utilise the lower cost of SA based consulting and development resources to service this market.

The creation of a 3 division structure for the Group, as announced last year, is progressing well and is expected to be implemented during the 2009 financial year with the management structures for the new division having been defined and the related incentivisation being linked to this new structure. As planned this future 3 divisional structure will comprise a Retail Solutions Division, an Infrastructure Division and an Investments Division.

Acquisitions

During the period under review UCS concluded the following acquisitions:

- Aquitec which comprised the purchase of the entire equity and sale claims in Aquitec UK Limited and via UCS USA Inc. the going concern business of Aquitec USA Inc. with effect from 1 December 2007 as disclosed in the 2007 year end results announcement and updated in the 2008 interim results announcement. The acquisition was accounted for in the Group's results from 1 March 2008 once the final condition precedent relating to South African Reserve Bank approval was obtained.
- A 51% interest in 4Life Program (Proprietary) Limited with effect from 1 April 2008 at a cost of R1,5 million of which R0,95 million has been settled to date and the balance is due on 31 March 2009. The acquisition was executed during the business plan validation and test phase which was concluded in August 2008 when the plan was signed off and officially operationalised.
- The going concern business of CSC with effect from 1 June 2008 and accounted for in the Group's results from 1 September 2008 following the fulfilment of the conditions precedent to the transaction. The detailed terms announcement related to this transaction was released to the market on 14 August 2008.

Contingent Liability

Management is aware of the following contingent liabilities as at the financial year end:

- In terms of the management agreement entered into with Tactical Software Systems (Proprietary) Limited, there is a management incentive fee that is payable annually for a 3 year period ending 30 June 2009. This incentive fee equates to that which exceeds the predetermined warranted profits as agreed by the parties. This fee has been provided for as could be determined with reference to existing contracts.
- In accordance with the sale of business agreement entered into with the vendors of Computer Software Consultants (Proprietary) Limited (CSC), additional amounts are payable to the vendors of CSC to the extent the CSC business achieves or exceeds certain growth profit targets over the next two years. The additional purchase price payments have been provided for to the extent the profitability milestones have been deemed achievable. In addition to the amounts provided for, a maximum of R12,9 million could become payable.

DIVIDEND DECLARATION

Notice is hereby given that the board of directors has declared a final dividend of 5 cents per ordinary share in respect of the financial year ended 30 September 2008. The dividend will be paid on Monday, 9 February 2009.

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 30 January 2009. The shares will commence trading ex-dividend on Monday, 2 February 2009 and the record date will be Friday 6 February 2009.

Share certificates may not be dematerialised or rematerialised between Monday, 2 February 2009 and Friday 6 February 2009, both days inclusive.

PROSPECTS

Although UCS Group is well placed, strategically as well as operationally, to continue the growth momentum established over the past 6 years, it would be irresponsible, given the current macro-economic scenario, to be overly optimistic about the Group's prospects for the year ahead.

We have prepared "business as usual" budgets which show good growth in most operating units in the Group, but we are also preparing contingency plans for "business unusual" scenarios which will allow us to react quickly to changes in our various environments.

We have already seen many major international businesses announcing cut-backs in production as well as expenditure. UCS Group is possibly better placed than some of our competitors to ride out what could become an extremely difficult trading environment. More than 80% of our turnover comes from the provision of our own products and services, rather than the sale of third party products, which gives us some protection from currency volatility. More than 60% of our turnover emanates from monthly and annual annuity revenue streams which provide us with predictable cash flows during times when new sales are under pressure.

For and on behalf of the Board

D F Coles
(Chairman)

J D Bright
(Chief Executive Officer)

25 November 2010
Company Secretary
Corporate Governance CC

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE DISPOSAL ENTITIES

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this Annexure.

"The Directors
UCS Group Limited
20th Floor
209 Smit Street
Braamfontein
Johannesburg
2001

3 March 2011

Dear Sirs

REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE HISTORICAL FINANCIAL INFORMATION OF THE DISPOSAL ENTITIES

1. INTRODUCTION

UCS Group Limited ("UCS") is issuing a Circular to Shareholders in order to obtain Shareholder approval for the proposed Disposal of the Disposal Entities.

At your request, and for purposes of this Circular to Shareholders to be dated on or about 9 March 2011, we present our report on the historical financial information of the Disposal Entities, presented in Annexure 4 to this Circular, in compliance with the Listings Requirements.

The compilation, contents and presentation of this Circular, including the report on the historical financial information of the Disposal Entities, is the responsibility of the directors of UCS.

2. AUDIT OF THE COMBINED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2010

We have audited the combined financial statements of the Disposal Entities, which comprise the combined statement of financial position at 30 September 2010 and the combined statement of comprehensive income, the combined statement of changes in equity and the combined statement of cash flows for the year ended 30 September 2010, and a summary of significant accounting policies and other explanatory notes as set out in Section 1 of Annexure 4 to the Circular.

Directors' responsibility for the combined financial statements

The directors of UCS are responsible for the preparation and fair presentation of the combined financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the combined financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the combined 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 about whether the financial information is free from material misstatement.

Scope of audit

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 judgment, including the assessment of the risks of material misstatement of the financial information, 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 information 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 information.

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, the combined financial statements present fairly, in all material respects, and for purposes of this Circular, the financial position of the Disposal Entities as of 30 September 2010, and their financial performance and their cash flows for the year then ended, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion above, we draw attention to paragraph 2, *Basis of Preparation and Material Changes*, in Annexure 4, where it is indicated that the combined financial statements of the Disposal Entities have been prepared on the basis of aggregation of the information with no elimination of inter-company transactions and balances in the manner required by IAS 27, *Consolidated and Separate Financial Statements*. The inter-company transactions and balances that relate to these Disposal Entities are disclosed in note 6.34, *"Related Party Transactions"*.

3. LIMITED ASSURANCE REVIEWS OF THE COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED 30 SEPTEMBER 2009 AND 2008

We have reviewed the combined financial statements of the Disposal Entities (excluding UCS Technology Services, reasons for which are described in paragraph 2 of Annexure 4), which comprise the combined statement of financial position at 30 September 2009 and 2008, and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for the years ended 30 September 2009 and 2008, and a summary of significant accounting policies and other explanatory notes as set out in Annexure 4 to this Circular. These combined financial statements are the responsibility of the directors of UCS. Our responsibility is to issue a report on the combined financial information based on our review.

Scope of limited assurance reviews

We conducted our reviews in accordance with Assurance Engagements ISAE 3000, *Assurance Engagements other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. Our limited assurance engagement consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A limited assurance review is substantially less in scope than an assurance engagement conducted in accordance with International Standards on Auditing and International Standards on Review Engagements and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an assurance audit and review. Accordingly, we do not express an audit or review opinion.

Conclusions

Based on our reviews, nothing has come to our attention that causes us to believe that the combined financial statements do not present fairly in all material respects the financial position of the Disposal Entities as of 30 September 2009 and 2008, and their financial performance and their cash flows for the years then ended, for the purposes of the Circular, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

We draw attention to paragraph 2, *Basis of Preparation and Material Changes*, in Annexure 4, where it is indicated that the combined financial statements of the Disposal Entities have been prepared on the basis of aggregation of the information with no elimination of inter-company transactions and balances in the manner required by IAS 27, *Consolidated and Separate financial statements*. The inter-company transactions and balances that relate to these Disposal Entities are disclosed in note 6.34, *“Related Party Transactions”*.

Yours sincerely

Deloitte & Touche

Registered Auditors

Per B L Escott

Partner

Deloitte & Touche
Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton
2196

National Executive: G G Gelink Chief Executive, A E Swiegers Chief Operating Officer, G M Pinnock Audit, D L Kennedy Risk Advisory, N B Kader Tax & Legal Services, L Geeringh Consulting, L Bam Corporate Finance, J K Mazzocco Human Resources, C R Beukman Finance, T J Brown Clients, NT Mtoba Chairman of the Board, M J Comber Deputy Chairman of the Board

A full list of partners and directors is available on request”

REPORT OF HISTORICAL FINANCIAL INFORMATION OF THE DISPOSAL ENTITIES

The definitions and interpretations commencing on page 4 of the Circular apply *mutatis mutandis* to this report.

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are carried at fair value.

1. INTRODUCTION

UCS has entered into the Agreement with BCG in terms of which of all the shares held by UCS in the subsidiaries Accsys, CEB Maintenance, Destiny E-Commerce, UCS Solutions and UCS Technology Services and the claims in Accsys, CEB Maintenance, UCS Solutions and UCS Technology Services will be sold to BCG.

The combined historical financial information relating to the Disposal Entities as set out in this Annexure presents the three financial years ended 30 September 2008, 2009 and 2010 which is consistent with the statutory financial reporting dates of UCS.

This report is the responsibility of the Directors.

2. BASIS OF PREPARATION AND MATERIAL CHANGES

The combined financial statements of the Disposal Entities (excluding UCS Technology Services, reasons for which are described in the paragraph below) for the years ended 30 September 2008 and 2009 and the combined financial statements of the Disposal Entities (including UCS Technology Services) for the year ended 30 September 2010 have been prepared in accordance with the International Financial Reporting Standards (IFRS) applicable to the respective reporting periods. The accounting policies are consistent with those of UCS. The information for the Disposal Entities has been compiled on the basis of aggregating their results for the respective years, but the inter-company transactions and balances have not been eliminated in the manner required by IAS 27, Consolidated and Separate Financial Statements. These transactions and balances are detailed in note 6.34, Related Party Transactions.

UCS Technology Services was formed with effect from 1 October 2009 after an internal restructuring within UCS. The business of UCS Technology Services is comprised of two operating divisions which historically conducted business, in respect of the first division, as the Customer Services division of UCS Software (Proprietary) Limited ("UCS Software") and in respect of the second division as Computerkit. These businesses (collectively referred to as the "UCS Technology Services Businesses") were not historically accounted for as separate entities for the year ended 30 September 2008 and 2009 and were sold as going concern businesses to UCS Technology Services with effect from 1 October 2009 in terms of the internal restructure.

Audited financial results for UCS Technology Services are available for the year ended 30 September 2010 as the business was conducted in a stand-alone entity for this financial year. Accordingly, these financial results are included in the combined audited financial information for the financial year ended 30 September 2010 below.

Commentary with regard to the financial years ended 2008 and 2009 for the Customer Services division of UCS Software and Computerkit is provided below, in order to provide shareholders with information regarding the historical performance of the UCS Technology Services Businesses.

In respect of the 2008 and 2009 financial year during which the UCS Technology Services Businesses operated under the divisions described above, the business performed as follows:

2008

Combined revenue of R201,6 million was realised with earnings before interest, tax, depreciation and amortisation of R12,8 million. Earnings before tax came in at R7,9 million and net profit for the year was R5,7 million. Margins in the Computerkit division came under pressure, adversely impacted by the slowing economy which saw spending in the pharmaceutical sector, the primary retail sector which this business services, contract considerably.

2009

Combined revenue grew to R247,0 million largely as a consequence of increased activity within existing customers which included a significant hardware roll out for one particular customer. The revenue growth from existing customers is driven largely off new store openings where customers require both software and hardware to be implemented and then subsequently supported.

Earnings before interest, tax, depreciation and amortisation came in at R23,7 million reflecting the flow through not only from the increased revenue but also the benefits extracted from the efficiency improvement, driven over the period, which resulted in improved cost metrics' in addition to the revenue generation. These improvements, coupled with a largely fixed cost base and increasing revenue levels, have unlocked positive operating leverage effects, significantly increasing the combined divisions earnings before interest and tax and associated margin at R19,9 million and 8,1% respectively.

Net profit for the year in respect of the combined divisions came in at R14,3 million.

There has been no material change in the nature of business of UCS or the Disposal Entities during the periods under review and no material fact or circumstance has occurred between the latest financial year-end of the Disposal Entities, being 30 September 2010 and the Last Practicable Date. There was also no material change in the nature of property, plant and equipment and any change in policy regarding the use thereof during the periods under review. No shares or convertible securities were issued by any of the Disposal Entities during the period under review.

No adjustments concerning the correction of fundamental errors or application of changes in accounting policies have been made in preparing the report of historical financial information and non-material adjustments have been made for comparative purposes only.

3. FINANCIAL INFORMATION

3.1 Income statement

Accsys, CEB Maintenance, Destiny E-Commerce and UCS Solutions for the two financial years ended 30 September 2008 and 30 September 2009

Accsys, CEB Maintenance, Destiny E-Commerce, UCS Solutions and UCS Technology Services for the financial year ended 30 September 2010

	Notes	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
Total Revenue	6.1	517 640 810	690 651 665	1 011 167 188
Continuing operations Revenue		451 700 276	649 547 202	1 011 167 188
Profit from operations before finance charges, investment revenues, amortisation, depreciation, foreign exchange differences, impairments and research and development expenditure		53 154 815	96 970 121	158 166 893
Amortisation of intangible assets	6.2.2	(5 628 408)	(14 189 899)	(13 793 472)
Depreciation of property, plant and equipment (including rental equipment)	6.2.6	(19 031 733)	(22 594 979)	(26 843 148)
Foreign exchange differences	6.2.9	382 564	495 715	(2 942 562)
Profit on sale of division		–	–	12 386 005
Research and development expenditure		(3 970 298)	(4 324 445)	(8 578 703)
Profit before finance charges and investment revenues		24 906 940	56 356 513	118 395 013
Finance charges	6.4	(9 748 341)	(17 061 236)	(10 388 858)
Investment revenues	6.5	3 839 736	3 930 481	4 363 557
Profit before taxation		18 998 335	43 225 758	112 369 712
Taxation	6.6	(8 212 680)	(17 751 212)	(32 199 064)
Net profit for the year from continuing operations		10 785 655	25 474 546	80 170 648
Net profit for the year from discontinued operations	6.7	9 300 426	47 777 273	–
Profit for the year		20 086 081	73 251 819	80 170 648
Earnings per ordinary and diluted ordinary share (Rand)		129 060	537 880	478 987
Adjusted for (net of taxation and non-controlling interest)				
– profit on disposal of property, plant and equipment (including rental equipment)		(310)	(3 429)	(2 202)
– profit on disposal of division		–	(469 449)	(106 440)
Headline earnings per ordinary and diluted ordinary share (Rand)		128 750	65 002	370 345

3.2 Statement of other comprehensive income

Accsys, CEB Maintenance, Destiny E-Commerce and UCS Solutions for the two financial years ended 30 September 2008 and 30 September 2009

Accsys, CEB Maintenance, Destiny E-Commerce, UCS Solutions and UCS Technology Services for the financial year ended 30 September 2010

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
Profit for the year	20 086 081	73 251 819	80 170 648
Other comprehensive income for the year after taxation	–	–	–
Total comprehensive income for the year	20 086 081	73 251 819	80 170 648

3.3 Statements of financial position

Accsys, CEB Maintenance, Destiny E-Commerce and UCS Solutions for the two financial years as at 30 September 2008 and 30 September 2009

Accsys, CEB Maintenance, Destiny E-Commerce, UCS Solutions and UCS Technology Services for the financial year as at 30 September 2010

	Notes	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
ASSETS				
Non-current assets				
Property, plant and equipment (including rental equipment)	6.8	46 163 842	48 116 484	48 668 212
Intangible assets	6.9	59 575 293	53 375 939	45 246 799
Goodwill	6.10	93 940 068	106 277 619	109 094 902
Share Incentive		3 552 235	1 780 392	332 591
Loans receivable	6.11	400 000	650 000	1 225 000
Deferred taxation asset	6.12	11 324 274	4 567 649	8 976 410
		214 955 712	214 768 083	213 543 914
Current assets				
Inventories	6.13	18 302 607	26 576 155	40 601 081
Trade and other receivables	6.14	94 405 742	87 074 084	126 934 229
Loans to group companies	6.15	112 815 056	176 709 178	207 403 979
Loans receivable	6.11	–	2 100 000	–
Current taxation receivable		–	204 237	444 618
Cash and bank balances		44 592 097	52 780 556	70 639 036
		270 115 502	345 444 210	446 022 943
TOTAL ASSETS		485 071 214	560 212 293	659 566 857
EQUITY AND LIABILITIES				
Capital and reserves				
Issued share capital	6.16	1 450	1 450	220 001 550
Share premium		10 604 750	10 578 232	10 578 232
Capital redemption reserve		1	1	1
Equity-settled employee benefit reserve		7 093 145	8 037 864	8 150 463
Retained earnings		(39 513 587)	28 726 395	65 764 194
		(21 814 241)	47 343 942	304 494 440
Non-current liabilities				
Borrowings	6.18	101 871 534	62 474 891	45 038 833
Redeemable preference shares	6.19	220 000 000	–	–
Deferred taxation liability	6.12	11 715 970	19 855 862	21 204 488
		333 587 504	82 330 753	66 243 321
Current liabilities				
Trade and other payables	6.20	89 546 830	102 941 898	154 391 774
Provisions	6.21	2 880 873	7 358 984	4 060 271
Borrowings	6.18	36 963 763	67 983 461	28 130 366
Loans from group companies	6.22	34 649 538	29 749 538	95 672 766
Redeemable preference shares	6.19	–	220 000 000	–
Current taxation payable		3 767 326	725 295	4 950 189
Deferred revenue		5 489 621	1 778 422	1 623 730
		173 297 951	430 537 598	288 829 096
TOTAL EQUITY AND LIABILITIES		485 071 214	560 212 293	659 566 857
Net asset value per ordinary share (Rand)		(421 043)	71 648	760 746
Net tangible asset value per ordinary share (Rand)		(1 282 152)	(818 642)	140 429

3.4 Statements of changes in equity

30 September 2008	Issued share capital	Share Premium	Capital Redemption Reserve Fund	Equity-settled employee benefit reserve	Retained earnings	Total
Opening balance	1 200	–	1	4 352 882	(57 785 325)	(53 431 242)
Net profit for the year	–	–	–	–	20 086 081	20 086 081
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	20 086 081	20 086 081
Payment of dividends	–	–	–	–	(1 814 343)	(1 814 343)
Increase in share issued share capital and premium	250	10 604 750	–	–	–	10 605 000
Increase in equity-settled employee benefit reserve	–	–	–	2 740 263	–	2 740 263
Closing balance	1 450	10 604 750	1	7 093 145	(39 513 587)	(21 814 241)

30 September 2009	Issued share capital	Share Premium	Capital Redemption Reserve Fund	Equity-settled employee benefit reserve	Retained earnings	Total
Opening balance	1 450	10 604 750	1	7 093 145	(39 513 587)	(21 814 241)
Net profit for the year	–	–	–	–	73 251 819	73 251 819
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	73 251 819	73 251 819
Payment of dividends	–	–	–	–	(5 011 837)	(5 011 837)
Transaction costs capitalised	–	(26 518)	–	–	–	(26 518)
Increase in equity-settled employee benefit reserve	–	–	–	944 719	–	944 719
Closing balance	1 450	10 578 232	1	8 037 864	28 726 395	47 343 942

30 September 2010	Issued share capital	Share Premium	Capital Redemption Reserve Fund	Equity- settled employee benefit reserve	Retained earnings	Total
Opening balance	1 450	10 578 232	1	8 037 864	28 726 395	47 343 942
Net profit for the year	–	–	–	–	80 170 648	80 170 648
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive income for the year	–	–	–	–	80 170 648	80 170 648
Payment of dividends	–	–	–	–	(43 132 849)	(43 132 849)
Increase in share issued share capital and premium	220 000 100	–	–	–	–	– 220 000 100
Increase in equity- settled employee benefit reserve	–	–	–	112 599	–	112 599
Closing balance	220 001 550	10 578 232	1	8 150 463	65 764 194	304 494 440

3.5 Statements of cash flow

Accsys, CEB Maintenance, Destiny E-Commerce and UCS Solutions for the two financial years ended 30 September 2008 and 30 September 2009

Accsys, CEB Maintenance, Destiny E-Commerce, UCS Solutions and UCS Technology Services for the financial year ended 30 September 2010

	Notes	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations before working capital changes	6.23	64 549 850	101 698 037	145 150 510
Working capital changes	6.24	5 060 704	7 297 792	23 261 679
Cash generated from operations		69 610 554	108 995 829	168 412 189
Finance charges	6.4	(9 748 341)	(17 061 236)	(10 388 858)
Investment revenues	6.5	3 839 736	3 930 481	4 363 557
Taxation paid	6.26	(5 137 822)	(14 146 540)	(28 520 663)
		58 564 127	81 718 534	133 866 225
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of property, plant and equipment (including rental equipment)	6.27	(27 057 517)	(28 217 292)	(18 704 932)
Acquisition of intangible assets	6.28	(1 380 940)	(8 329 033)	(4 050 152)
Proceeds on disposal of Property, Plant and Equipment and Intangible Assets		538 344	965 250	1 474 174
Transaction costs capitalised		–	(26 518)	–
Proceeds on disposal of subsidiary/business	6.30	–	58 947 973	12 386 005
Acquisition of subsidiary/business	6.29	(65 748 841)	–	4 903 915
		(93 648 954)	23 340 380	(3 990 990)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of dividends	6.25	(1 814 343)	(5 011 837)	(43 132 849)
Redemption of preference shares		–	–	(220 000 000)
Increase in issued share capital and premium		10 605 000	–	220 000 100
Loans raised/(repaid)		18 657 371	(91 858 618)	(68 884 006)
		27 448 028	(96 870 455)	(112 016 755)
Cash and cash equivalents				
– net (decrease) increase		(7 636 799)	8 188 459	17 858 480
– at beginning of the year		52 228 896	44 592 097	52 780 556
– At end of the year		44 592 097	52 780 556	70 639 036

4. ACCOUNTING POLICIES

4.1 Basis of preparation

The combined financial statements for the three years ended 30 September 2008, 2009 and 2010 have been prepared in accordance with International Financial Reporting Standards applicable to the respective reporting periods.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and are prepared under the historical cost convention as modified by the fair value valuation of certain financial instruments and assets and liabilities acquired in a business combination in terms of IFRS 3 Business Combinations.

The annual financial statements are prepared using the accounting policies set out below and are in accordance with the applicable International Financial Reporting Standards.

At the date of authorisation of these annual financial statements, the following amendments to Standards, amendments to Interpretations and Interpretations were in issue but not yet effective:

IFRS 1 – First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First Time Adopters

IFRS 1 – First-time Adoption of International Financial Reporting Standards – Amendments resulting from May 2010 Annual Improvements to IFRS's

IFRS 2 (AC 139) – Share Based Payments

IFRS 3 (AC 140) – Business Combinations

IFRS 5 (AC 142) – Non-current Assets Held for Sale and Discontinued Operations

IFRS 7 – Financial Instruments

IFRS 8 (AC 145) – Operating Segments

IFRS 9 – Financial Instruments

IAS 1 (AC 101) – Presentation of Financial Statements

IAS 17 (AC 114) – Leases

IAS 24 – Related Party Disclosures

IAS 27 (AC 132) – Consolidated and Separate Financial Statements

IAS 32 – Financial Instruments: Presentation

IAS 34 – Interim Financial Reporting

IAS 36 – Impairment of assets

IAS 39 (AC 133) – Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items

IFRIC 14 – The limit on a defined benefit asset, minimum funding requirements and their interaction

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

On 22 May 2008, the International Accounting Standards Board (IASB) issued its latest Standard, titled Improvements to International Financial Reporting Standards 2008. The Standard included 35 amendments to various Standards.

The following is a list of standards that have been amended but are not yet effective.

IFRS 1 (AC 138) – First-time Adoption of International Financial Reporting Standards

IAS 1 (AC 101) – Presentation of Financial Statements

IAS 16 (AC 123) – Property, Plant and Equipment

IAS 19 (AC 116) – Employee Benefits

IAS 20 (AC 134) – Accounting for Government Grants and Disclosure of Government Assistance

IAS 27 (AC 132) – Consolidated and Separate Financial Statements

IAS 28 (AC 110) – Investments in Associates

IAS 29 (AC 124) – Financial Reporting in Hyperinflationary Economies

IAS 31 (AC 119) – Interests in Joint Ventures

IAS 32 (AC 125) – Financial Instruments: Presentation

IAS 36 (AC 128) – Impairment of Assets

IAS 38 (AC 129) – Intangible Assets

IAS 39 (AC 133) – Financial Instruments: Recognition and Measurement

IAS 40 (AC 135) – Investment Property

Management have assessed the impact of the newly issued Standards that are not yet effective. The impact of these new Standards, together with the amendments to original Standards are not considered to be material. These new Standards and amendments to original Standards will be adopted on their respective effective dates.

4.2 Business combinations

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

4.3 Property, Plant and Equipment

Property, plant and equipment is stated at cost to the company less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated on cost using the straight-line method over the estimated useful lives of the assets to estimated residual values, as follows:

Computer equipment	3 years
Improvements to leased premises	Remaining period of the lease
Furniture, fixtures and fittings	6 years
Motor vehicles	5 years
Office equipment	5 years
Rental equipment	3 years

The assets' residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each financial year end. Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount and are included in the income statement.

4.4 Intangible assets

Intangible assets acquired separately

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so
- that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

Capitalised development costs that have finite useful lives are amortised from the date the product is available for use. The product is amortised on a straight-line basis over the period of its expected benefit, not exceeding five years, from when the product is released to the market.

Set-up costs

Costs relating to the establishment and certification of the software factory are written off over 5 years from date of certification.

Software

Purchased software and the direct costs associated with the customisation and installation thereof are capitalised. Expenditure on internally-developed software is capitalised if it meets the criteria for capitalising development expenditure. Other software development expenditure is charged to the income statement when incurred.

The useful life of software is assessed at least annually at the financial year end and is assessed to have a finite useful life and is amortised on a straight-line basis over the period of its expected benefit, not exceeding 6 years.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets acquired separately.

4.5 Impairment of tangible and intangible assets excluding goodwill

At each Statement of financial position date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, assets are also allocated to individual cash-generating units, or corporate otherwise they are allocated to the smallest company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a post taxation discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

4.6 Financial Instruments

Financial instruments include all financial assets, financial liabilities and equity instruments, including derivative instruments.

Financial assets and financial liabilities, in respect of financial instruments, are recognised on the Company's Statement of financial position when the Company becomes party to the contractual provisions of the instrument.

Fair value methods and assumptions

The fair value of financial assets and financial liabilities are determined as follows:

The fair value of financial instruments with standard terms and conditions and traded in active, liquid and organised financial markets are determined with reference to the applicable quoted market prices.

The fair values of derivative instruments are determined using quoted prices or where such prices are not available, discounted cash flow methods using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models for optional derivatives. These amounts reflect the approximate values of the net derivative position at the Statement of financial position date.

The quoted market prices used for interest rate derivatives is at the effective yield basis, while the quoted market prices used for foreign exchange derivatives is at the mid or mid forward rate.

The fair value of financial instruments, excluding derivative instruments, not traded in active, liquid and organised financial markets is determined using a variety of methods and assumptions that are based on market conditions and risks existing at the Statement of financial position date, including independent appraisals and discounted cash flow methods.

The fair value of trade and other receivables, cash and cash equivalents and trade and other payables approximate their carrying amounts due to the short-term maturities of these items.

Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of financial assets and financial liabilities and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts and future cash payments through the expected life of the financial asset and financial liability, or where appropriate a shorter period, to the net carrying amount of the financial asset or financial liability.

Amortised cost

Amortised cost is the amount at which the financial asset and financial liability is measured at initial recognition less principal repayments, cumulative amortisation and accumulated impairment losses. The cumulative amortisation of any difference between the initial amount and the maturity amount of the financial asset and financial liability is calculated by using the effective interest rate method and recognised in profit or investment or debt.

Financial assets

Financial assets are classified into the following categories:

- financial assets at fair value through profit or loss, held-to maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The company's principal financial assets are loans and receivables and cash and cash equivalents.

Trade receivables

Trade and other receivables and other loans are stated at original investment less principal payments, amortisations and accumulated impairment losses. Receivables originated by the company by providing goods or services directly to the customer are carried at original invoice amount less provision for doubtful debts. A provision for doubtful debts is established when there is objective evidence that the company has incurred a loss and will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

The provision for doubtful debts covers losses where there is objective evidence that the company incurred a loss at the Statement of financial position date. These incurred loss events have been estimated based upon historical patterns of losses in each component, the credit ratings allocated to the customers and reflecting the current economic climate in which the borrowers operate. When a receivable is uncollectible, it is written off to the income statement. Subsequent recoveries are credited to the income statement.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value based, where appropriate, at the relevant exchange rate at the Statement of financial position date. Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Initial recognition and measurement

Financial assets are recognised and derecognised on trade-date, where the purchase or sale of the financial asset is under a contract whose terms require delivery of the instrument within the timeframe established by the market concerned.

All financial assets are initially measured at fair value, including transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value, excluding transaction costs.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Subsequent to initial measurement, these instruments are measured as set out below:

- Loans and receivables and cash equivalents that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.
- Loans and receivables are subsequently measured at amortised cost using the effective interest rate method less any impairment loss. Interest income is recognised in profit or loss by applying the effective interest rate, except for short-term trade receivables where the recognition of interest would be immaterial. Trade receivables are carried at original invoice amount less any impairment loss.

The accounting policy for cash and cash equivalents is dealt with under cash and cash equivalents set out below.

Financial liabilities

Financial liabilities are classified into the following categories:

- financial liabilities at fair value through profit or loss;
- financial liabilities held at amortised cost; and
- financial guarantee contract liabilities.

The classification depends on the nature and purpose of the financial liabilities and is determined at the time of initial recognition.

The company's principal financial liabilities are interest bearing borrowings, provisions, bank borrowings and other short term debt.

Interest bearing borrowings

Interest bearing borrowings are originally recognised at fair value, net of transaction costs incurred. Interest bearing borrowings are subsequently stated at amortised cost, namely original borrowings less principal payments and amortisations. Any differences between proceeds and the redemption value are recognised in the income statement over the period of the debt using the effective interest rate method.

Interest bearing borrowings is classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the Statement of financial position date.

Trade and other payables

Trade and other payables are stated at original cost less principal payments.

Provisions

Provisions are recognised when there is a present, legal or constructive obligation resulting from past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

A past event is deemed to give rise to a present obligation if, taking into account the available evidence, it is more likely than not that a present obligation exists at the Statement of financial position date.

The amount recognised as a provision, is the best estimate of the expenditure required to settle the present obligation at the Statement of financial position date, taking into account risks and uncertainties surrounding the provision. Long-term provisions are discounted to net present value.

Bank borrowings and other short-term debt

The accounting policy for bank borrowings and other short-term debt is dealt with under cash and cash equivalents.

Initial recognition and measurement

All financial liabilities are initially measured at fair value, including transaction costs except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value, excluding transaction costs.

The fair value of a financial instrument on initial recognition is normally the transaction price unless the fair value is evident from observable market data.

Subsequent to initial measurement, these instruments are measured as set out below:

- Interest bearing borrowings, non-interest bearing borrowings, bank borrowings and other short-term debt are subsequently measured at amortised cost using the effective interest rate method. Interest expense is recognised in profit or loss by applying the Statement of financial position rate.
- Interest bearing borrowings and non-interest bearing borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least twelve months after the Statement of financial position date.
- Trade and other payables are carried at original invoice amount.
- Dividends payable are stated at amounts declared.

A contract that contains an obligation to purchase its own equity instrument for cash or another financial asset gives rise to a financial liability and is accounted for at the present value of the redemption amount. On initial recognition its fair value is reclassified directly from equity. Subsequent changes in the liability are included in profit and loss. On expiry or exercise of the option the carrying value of the liability is reclassified directly to equity.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. The company's principal equity instrument is stated capital, which is recorded at proceeds received, net of any direct issue costs.

De-recognition

Financial assets (or a portion thereof) are de-recognised when the rights to the cash flows expire or when the company transfers substantially all the risks and rewards related to the financial asset or when the entity loses control of the financial asset. On de-recognition, the difference between the carrying amount of the financial asset and proceeds receivable and any prior adjustment to reflect fair value that had been reported in equity is included in the income statement.

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. On de-recognition, the difference between the carrying amount of the financial liability, including related non-amortised costs and amounts paid for it is included in profit or loss.

Offset

Where a legally enforceable right of offset exists for recognised financial assets and financial liabilities and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

4.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of work-in progress comprises direct labour, other direct costs and related production overheads. Cost is calculated either using the first-in first-out method or the weighted average method.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

4.8 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The company as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The company as lessee

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability.

The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

4.9 Taxation

Income taxation expense represents the sum of the taxation currently payable and deferred taxation.

Current taxation

Current taxation for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Deferred taxation

Deferred taxation is provided for using the balance sheet liability method, on all temporary differences between the carrying values of assets and liabilities for accounting purposes and the amounts used for taxation purposes. The provision for deferred taxation is calculated using enacted or substantively enacted taxation rates at the Statement of financial position date that are expected to apply when the asset is realised or liability settled.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred taxation asset can be realised.

The carrying amount of deferred taxation assets is reviewed at each Statement of financial position date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

The provision for deferred taxation assets and liabilities reflects the taxation consequences that would follow from the expected recovery or settlement of the carrying amount of its assets and liabilities. Such assets and liabilities are not recognised if the temporary difference arises from:

- non-taxation deductible goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition.

Deferred taxation assets and liabilities are offset when there is a legally enforceable right to set-off current taxation assets against current taxation liabilities and they relate to income taxes levied by the same taxation authority and the company intends to settle its current taxation assets and liabilities on a net basis.

Secondary Tax on Companies ('STC')

STC is recognised as part of the current taxation charge in the income statement when the related dividend is declared.

4.10 Employee benefits

Short-term employee benefits

Remuneration to employees is charged to the income statement. Provision is made for accumulated leave, incentive bonuses and other short-term employee benefits.

Retirement benefits

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

4.11 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue is recognised when the following criteria are met:

Revenue from the sale of products

Revenue from the sale of products is recognised when significant risks and rewards have passed.

Revenue arising from the rendering of services

Revenue arising from the rendering of services, which includes computer processing services, software development charges, licence fees, installation and maintenance charges and training, is recognised on the accrual basis in accordance with the substance of the agreement.

Revenue from fixed price contracts for software development is recognised using the percentage-of-completion ('POC') method. Under the POC method, revenue is generally recognised based on the services performed to date as a percentage of the total services to be performed.

If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These estimates may result in increases income in the period in which the circumstances that give rise to the revision become known to management.

Finance income

Interest is recognised when it accrues to the company on a time proportion basis, taking account of the principal outstanding and the effective yield of the asset.

Investment income

Cash dividends and the full cash equivalent of capitalisation share awards received, where applicable, are recognised when the right to receive payment or transfer is established.

4.12 Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the Statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructurings

A restructuring provision is recognised when the company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the company's obligation.

4.13 Equity-settled employee benefits

Equity-settled employee benefit payments to employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by using a binomial model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. Further details on how the fair value of equity-settled employee benefit transactions has been determined can be found in note 6.17.

The fair value determined at the grant date of the equity-settled employee benefit payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of shares that will eventually vest.

The above policy is applied to all equity-settled employee benefit payments that were granted after 7 November 2002 that vested after 1 January 2005. No amount has been recognised in the annual financial statements in respect of the other equity-settled employee benefit payments.

Equity-settled employee benefit payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

4.14 Critical accounting judgements and key sources of estimation uncertainty

Estimates of assets lives, depreciation and residual values

Plant and equipment are depreciated to their residual values over their expected useful lives.

Residual values and assets lives are assessed annually based on management's judgment of relevant factors and conditions. At the statement of financial position date management considered the useful lives and residual values as determined to still be appropriate. Accordingly, useful lives and residual values have not been revised.

5. GENERAL INFORMATION

The combined financial statements comprise the audited financial statements of Accsys (Proprietary) Limited, CEB Maintenance Africa (Proprietary) Limited, Destiny Electronic Commerce (Proprietary) Limited and UCS Solutions (Proprietary) Limited for the financial years ended 30 September 2008 and 2009.

The combined financial statements for the financial year ended 30 September 2010 include the aforementioned subsidiary companies as well as UCS Technology Services (Proprietary) Limited.

The Disposal Entities major activities are as follows:

Accsys (Proprietary) Limited

Accsys is an award winning South African company which develops, markets and supports a comprehensive suite of integrated people management software, Accsys PeopleWare. The business provides high level training, professional consultancy and technical expertise supporting industry leading solutions, including Payroll, ESS, Time & Attendance, Biometric Access Control and Human Resources as well as offering Recruitment and Outsourcing.

CEB Maintenance Africa (Proprietary) Limited

CEB Maintenance specialises in 'man-in-van' IT services for large-scale retail operators and has an enviable list of blue chip retail customers.

Destiny Electronic Commerce (Proprietary) Limited

The business known as CSC is an authorised VeriFone International Partner for VeriFone payment systems into sub-Saharan Africa and has sale and distribution rights for such terminals into the territory. CSC further provides software payment solutions and field support services for use with and in relation to the payment devices and/or systems.

UCS Solutions (Proprietary) Limited

UCS Solutions is a leading business and IT solutions provider to clients in the retail and consumer goods industries. The company harnesses its industry knowledge to help clients achieve better business performance, offering end-to-end consulting, business systems outsourcing and technology services across the full range of IT operations.

UCS Technology Services (Proprietary) Limited

UCS Technology Services renders services relating to the "in-store" point-of-sale providing software on behalf of third party software vendors, solutions and services required to install, operate and support point-of-sale information technology elements.

6. NOTES TO THE COMBINED FINANCIAL STATEMENTS

Accsys, CEB Maintenance, Destiny E-Commerce and UCS Solutions for the two financial years ended 30 September 2008 and 30 September 2009

Accsys, CEB Maintenance, Destiny E-Commerce, UCS Solutions and UCS Technology Services for the financial year ended 30 September 2010

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
6.1 Revenue			
Revenue comprises sales of hardware, software, processing services, implementation and support services, development charges, licence fees, installation and maintenance charges, training charges and commission received, exclusive of Value Added Taxation			
A summarised analysis of the Disposal Entities' revenue for the year is as follows:			
– Annuity revenue	302 328 878	357 823 046	557 635 703
– Once off revenue	108 207 803	134 122 445	179 854 307
– OEM Third Party Revenue	41 163 595	157 601 711	273 677 178
	451 700 276	649 547 202	1 011 167 188
Revenue classified as discontinued operations (note 6.7)	65 940 534	41 104 463	–
	517 640 810	690 651 665	1 011 167 188

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
6.2 Profit Before Finance Charges And Investment Revenues			
is stated after taking into account the following items:			
6.2.1 Gain on disposal of property, plant and equipment (including rental equipment) and intangible assets	78 375	500 763	341 649
6.2.2 Amortisation of intangible assets			
– Brands	465 329	214 104	214 104
– Computer software	1 419 696	4 649 274	5 610 056
– Customer relationships	2 402 559	7 665 848	6 362 268
– Development costs	826 060	1 145 909	1 092 280
– Trademarks	514 764	514 764	514 764
	5 628 408	14 189 899	13 793 472
6.2.3 Auditors' remuneration			
Current year fee	835 840	1 089 171	1 673 545
Prior year underprovision	3 500	6 607	–
Other services	66 033	–	1 655
	905 373	1 095 778	1 675 200
6.2.4 Consulting fees	7 498 034	19 349 104	26 465 442
6.2.5 Cost of sales	44 544 943	125 516 110	225 017 490
6.2.6 Depreciation of property, plant and equipment (including rental equipment)			
Owned			
– Computer equipment	7 335 182	7 166 844	10 035 358
– Furniture, fixtures and fittings	1 476 136	1 937 539	3 497 313
– Improvements to leasehold premises	1 398 945	1 349 968	1 789 470
– Motor vehicles	218 534	990 728	803 602
– Rental equipment	–	–	–
Leased			
– Computer equipment	7 957 139	10 923 730	10 083 450
– Motor vehicles	645 797	226 170	633 955
	19 031 733	22 594 979	26 843 148
6.2.7 Employee costs	312 498 671	355 733 242	459 946 721
6.2.8 Employee Equity-settled employee benefit expense	2 747 147	2 457 634	1 560 400
6.2.9 Foreign exchange differences	(382 564)	(495 715)	2 942 562

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
6.2.10 Operating lease charges			
– Premises	9 948 349	12 838 085	23 639 116
– Office equipment	1 036 781	994 832	1 148 865
– Motor vehicles	–	869 949	1 125 448
	10 985 130	14 702 866	25 913 429
6.2.11 Number of employees			
	1 225	1 250	1 718
6.3 Directors' emoluments	5 173 217	5 433 653	7 348 616
6.4 Finance charges			
– Interest on bank overdrafts, loans and finance lease obligations	9 748 341	17 061 236	10 388 858
	9 748 341	17 061 236	10 388 858
6.5 Investment revenues			
– Interest from bank deposits and loans receivable	2 311 897	2 294 133	3 519 653
– Interest from group company loans	1 527 839	1 636 348	843 904
	3 839 736	3 930 481	4 363 557
6.6 Taxation			
Normal taxation			
Current year taxation			
– Current	3 617 852	1 553 478	29 554 347
– Deferred	1 554 104	12 270 160	396 168
Prior year under/(over) provision			
– Current	–	–	146 077
– Deferred	2 555 925	2 626 357	(702 280)
Secondary taxation on companies	181 435	501 183	2 287 407
Withholding taxation	303 364	800 034	517 345
	8 212 680	17 751 212	32 199 064
Taxation classified as discontinued operations (note 6.7)	3 616 832	8 045 577	–
	11 829 512	25 796 789	32 199 064
Reconciliation of the rate of taxation			
	%	%	%
Normal rate of taxation	28	28	28
Adjusted for:			
Capital gains taxation	–	8	–
Exempt income and disallowable expenses	4	(15)	(1)
Prior year underprovision	8	–	–
Secondary taxation on companies	1	1	2
Statutory taxation rate adjustment	1	–	–
Taxation losses previously not recognised	(4)	4	–
Withholding taxation	–	–	–
Effective rate of taxation	38	26	29

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
6.7 Discontinued operations			
Revenue	65 945 534	41 104 463	–
Profit from operations before finance charges, investment revenues, amortisation, depreciation, foreign exchange differences, impairments, and research and development expenditure	12 992 243	1 862 736	–
Amortisation of intangible asset	(74 985)	(100 603)	–
Depreciation of property, plant and equipment (including rental equipment)	–	(138 000)	–
Profit on sale of division	–	54 198 717	–
Profit before taxation	12 917 258	55 822 850	–
Taxation	(3 616 832)	(8 045 577)	–
Profit for the year from discontinued operations	9 300 426	47 777 273	–
Profit for the year from discontinued operations includes the following directly related to the disposal:			
– Profit on sale of division	–	54 198 717	–
– Capital gains taxation	–	(7 587 820)	–
– Profit directly related to the disposal	–	46 610 897	–
	Cost R	Accumulated depreciation R	Carrying value R
6.8 Property, plant and equipment			
2010			
Owned			
Computer equipment	63 673 474	(45 979 808)	17 693 666
Furniture, fixtures and fittings	23 001 894	(14 365 561)	8 636 333
Improvements to leased premises	11 442 539	(6 540 322)	4 902 217
Motor vehicles	4 979 792	(3 329 248)	1 650 544
Rental equipment	7 759 547	(7 074 195)	685 352
	110 857 246	(77 289 134)	33 568 112
Leased assets			
Computer equipment	36 797 831	(22 766 767)	14 031 064
Motor vehicles	1 872 228	(803 192)	1 069 036
	149 527 305	(100 859 093)	48 668 212

Movement summary	Carrying value beginning of year	Transfers	Additions	Disposals	Depreciation	Depreciation included in cost of sales	Acquired/ disposed through business combination	Carrying value end of year
Owned								
Computer equipment	12 856 320	–	9 637 229	(772 889)	(10 035 358)	–	6 008 364	17 693 666
Furniture, fixtures and fittings	8 002 457	(6 365)	2 085 071	(80 469)	(3 497 313)	–	2 132 952	8 636 333
Improvements to leased premises	3 949 549	6 365	1 672 810	–	(1 789 470)	–	1 062 963	4 902 217
Motor vehicles	1 889 307	39 825	596 257	(226 033)	(803 602)	–	154 790	1 650 544
Rental equipment	–	–	275 084	(12 984)	–	(661 291)	1 084 543	685 352
Total owned	26 697 633	39 825	14 266 451	(1 092 375)	(16 125 743)	(661 291)	10 443 612	33 568 112
Leased								
Computer equipment	19 676 033	–	4 438 481	–	(10 083 450)	–	–	14 031 064
Motor Vehicles	1 742 818	(39 825)	–	(2)	(633 955)	–	–	1 069 036
Total leased	21 418 851	(39 825)	4 438 481	(2)	(10 717 405)	–	–	15 100 100
	48 116 484	–	18 704 932	(1 092 377)	(26 843 148)	(661 291)	10 443 612	48 668 212
Property, plant and equipment (including rental equipment)								
2009								
Owned								
Computer equipment		41 948 188	(29 091 868)	12 856 320				
Furniture, fixtures and fittings		17 761 782	(9 759 325)	8 002 457				
Improvements to leased premises		8 706 766	(4 757 217)	3 949 549				
Motor vehicles		4 539 095	(2 649 788)	1 889 307				
		72 995 831	(46 258 198)	26 697 633				
Leased assets								
Computer equipment		39 420 580	(19 744 547)	19 676 033				
Motor Vehicles		2 023 104	(280 286)	1 742 818				
		114 399 515	(66 283 031)	48 116 484				

Movement summary	Carrying value beginning of year	Transfers	Additions	Disposals	Depreciation	Depreciation related to disposals	Disposed through business combination	Carrying value end of year
Owned								
Computer equipment	17 054 441	(2 836 603)	6 360 111	(172 999)	(7 166 844)	(138 000)	(243 786)	12 856 320
Furniture, fixtures and fittings	6 178 015	–	3 810 881	(48 900)	(1 937 539)	–	–	8 002 457
Improvements to leased premises	3 922 676	–	1 376 841	–	(1 349 968)	–	–	3 949 549
Motor vehicles	1 757 330	402 948	886 266	(166 509)	(990 728)	–	–	1 889 307
Total owned	28 912 462	(2 433 655)	12 434 099	(388 408)	(11 445 079)	(138 000)	(243 786)	26 697 633
Leased								
Computer equipment	16 565 791	–	14 033 972	–	(10 923 730)	–	–	19 676 033
Motor Vehicles	685 589	(402 948)	1 749 221	(62 874)	(226 170)	–	–	1 742 818
Total Leased	17 251 380	(402 948)	15 783 193	(62 874)	(11 149 900)	–	–	21 418 851
	46 163 842	(2 836 603)	28 217 292	(451 282)	(22 594 979)	(138 000)	(243 786)	48 116 484

	Cost	Accumulated depreciation	Carrying value
Property, plant and property, plant and equipment (including rental equipment) 2008			
Owned			
Computer equipment	55 911 355	(38 856 914)	17 054 441
Furniture, fixtures and fittings	15 629 821	(9 451 806)	6 178 015
Improvements to leased premises	8 204 193	(4 281 517)	3 922 676
Motor vehicles	2 621 128	(863 798)	1 757 330
	82 366 497	(53 454 035)	28 912 462
Leased assets			
Computer equipment	31 678 448	(15 112 657)	16 565 791
Motor vehicles	2 069 300	(1 383 711)	685 589
	116 114 245	(69 950 403)	46 163 842

	Carrying value beginning of year	Transfers	Additions	Disposals	Depreciation	Acquisition through business combination	Carrying value end of year
Owned							
Computer equipment	17 081 455	(4 403 787)	11 385 007	(69 379)	(7 335 182)	396 327	17 054 441
Furniture, fixtures and fittings	4 325 850	6 119	2 236 486	(7 898)	(1 476 136)	1 093 594	6 178 015
Improvements to leased premises	4 167 932	(6 119)	936 970	–	(1 398 945)	222 838	3 922 676
Motor vehicles	136 092	49 015	430 664	–	(218 534)	1 360 093	1 757 330
Total owned	25 711 329	(4 354 772)	14 989 127	(77 277)	(10 428 797)	3 072 852	28 912 462
Leased							
Computer equipment	12 454 540	–	12 068 390	–	(7 957 139)	–	16 565 791
Motor Vehicles	1 425 593	(49 015)	–	(45 192)	(645 797)	–	685 589
Total Leased	13 880 133	(49 015)	12 068 390	(45 192)	(8 602 936)	–	17 251 380
	39 591 462	(4 403 787)	27 057 517	(122 469)	(19 031 733)	3 072 852	46 163 842

6.9 Intangible assets

	Cost	Accumulated amortisation	Carrying value						
2010				Carrying value beginning of year	Additions	Disposals	Amortisation	Acquired through business combination	Carrying value end of year
Brands	4 282 005	(1 070 520)	3 211 485	3 425 589	–	–	(214 104)	–	3 211 485
Computer software	28 905 671	(13 411 067)	15 494 604	15 682 336	1 326 944	(40 148)	(5 610 056)	4 135 528	15 494 604
Customer relationships	44 433 200	(20 300 934)	24 132 266	30 494 534	–	–	(6 362 268)	–	24 132 266
Development costs capitalised	4 145 083	(3 097 725)	1 047 358	1 897 630	2 723 208	–	(1 092 280)	(2 481 200)	1 047 358
Trademarks	10 871 822	(9 510 736)	1 361 086	1 875 850	–	–	(514 764)	–	1 361 086
	92 637 781	(47 390 982)	45 246 799	53 375 939	4 050 152	(40 148)	(13 793 472)	1 654 328	45 246 799

INTANGIBLE ASSETS

2009	Cost	Accumulated amortisation	Carrying value
Brands	4 282 005	(856 416)	3 425 589
Computer software	24 154 276	(8 471 940)	15 682 336
Customer relationships	44 433 200	(13 938 666)	30 494 534
Development costs capitalised	3 903 075	(2 005 445)	1 897 630
Trademarks	10 250 370	(8 374 520)	1 875 850
	87 022 926	(33 646 987)	53 375 939

Movement summary	Carrying value beginning of year	Additions	Transfers	Disposals	Amortisation	Amortisation related to disposals	Disposed through business combination	Carrying value end of year
Brands	3 639 693	–	–	–	(214 104)	–	–	3 425 589
Computer software	14 832 743	8 329 033	344 925	(13 205)	(4 649 274)	(100 603)	(3 061 283)	15 682 336
Customer relationships	38 160 382	–	–	–	(7 665 848)	–	–	30 494 534
Development costs capitalised	551 861	–	2 491 678	–	(1 145 909)	–	–	1 897 630
Trademarks	2 390 614	–	–	–	(514 764)	–	–	1 875 850
	59 575 293	8 329 033	2 836 603	(13 205)	(14 189 899)	(100 603)	(3 061 283)	53 375 939

INTANGIBLE ASSETS

2008	Cost	Accumulated amortisation	Carrying value
Brands	4 282 005	(642 312)	3 639 693
Computer software	21 025 813	(6 193 070)	14 832 743
Customer relationships	44 433 200	(6 272 818)	38 160 382
Development costs capitalised	1 411 397	(859 536)	551 861
Trademarks	10 250 370	(7 859 756)	2 390 614
	81 402 785	(21 827 492)	59 575 293

	Carrying value beginning of year	Additions	Transfers	Disposals	Amortisation	Amortisation related to disposals	Acquired through business combination	Carrying value end of year
Brands	3 853 797	–	251 225	–	(465 329)	–	–	3 639 693
Computer software	2 047 011	1 380 940	4 036 806	–	(1 419 696)	(74 985)	8 862 667	14 832 743
Customer relationships	7 076 249	–	(251 225)	–	(2 402 559)	–	33 737 917	38 160 382
Development costs capitalised	1 348 440	–	366 981	(337 500)	(826 060)	–	–	551 861
Patents and trademarks	2 905 378	–	–	–	(514 764)	–	–	2 390 614
	17 230 875	1 380 940	4 403 787	(337 500)	(5 628 408)	(74 985)	42 600 584	59 575 293

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
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6.10 Goodwill

Balance at beginning of year	56 424 896	93 940 068	106 277 619
Acquired through business combinations	37 515 172	12 337 551	2 817 283
Balance end of the year	93 940 068	106 277 619	109 094 902

The Disposal Entities test goodwill annually for impairment or more frequently if there are indications that the goodwill might be impaired.

The recoverable amounts of the cash-generating units are determined from value in use calculations using the relevant weighted average cost of capital for the cash-generating unit. The key assumptions for the value in use are those regarding the discount rates, inflation rates, growth rates, expected changes to selling prices and direct costs during the period.

Management estimated discount rates using the post-tax rates that reflect current market assessments of the time value of money and the risks specific to the cash-generating unit. The Disposal Entities prepare cash flow forecasts derived from the most recent financial budgets approved by management and extrapolates the cash flows using these financial projections. A terminal value is calculated based on the estimated growth rate for the period.

The rates used to discount the cash-generating unit's forecast cash flows approximates the current weighted average cost of capital ranging between 12.56% and 17.23% plus an additional risk premium of 5.86%. Sensitivity analysis were performed with varying discount rates applied up to 25%. No indications of impairment were identified.

6.11 Loans receivable

Non-controlling shareholders loans	–	2 100 000	–
Zwelethu Recruitments Solutions Close Corporation	–	450 000	1025 000
Staff loan scheme	400 000	200 000	200 000
	400 000	2 750 000	1 225 000
<i>Less: Current portion shown under current assets</i>	–	2 100 000	–
	400 000	650 000	1 225 000

No loans or securities were furnished by the Disposal Entities for the benefit of any director or manager or any associate of any director or manager. The loans advanced in respect of the staff loan scheme are limited to certain executive management of UCS Solutions (Pty) Ltd. The loans are unsecured, non-interest bearing and have no fixed date of repayment. The loans are repayable in full on termination of employment.

The loans to Zwelethu Recruitments Solutions Close Corporation represents the Disposal Entities contribution to an enterprise development initiative financed and supported by the UCS Group since 2007. Given the purpose of Zwelethu, the loans are unsecured, non-interest bearing and have no fixed date of repayment. There has been no change to the nature and terms of these loans during the year.

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
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6.12 Deferred taxation

The movement on deferred taxation is reconciled as follows:

Asset (liability) at the beginning of the year	15 629 621	(391 696)	(15 288 213)
Income statement (charge) credit	(4 110 029)	(14 896 517)	306 112
Acquired through business combination	(11 911 288)	–	2 754 023
Asset (liability) at the end of the year	(391 696)	(15 288 213)	(12 228 078)

Comprising:

Allowances on intangible assets	377 685	60 125	(608 141)
Capital allowances	–	(485 887)	(619 682)
Deferred revenue	1 862 878	806 209	3 390 719
Estimated taxation losses	9 523 823	(10 316 324)	(14 077 067)
Equity-settled employee benefit expense	–	(711 280)	(93 126)
Finance lease	(419 260)	(608 212)	(127 738)
Intangible asset arising on business combination	(15 396 171)	(11 630 041)	(9 238 688)
Leave pay provision	2 267 040	750 996	4 046 649
Prepayments	(547 310)	(545 542)	(651 337)
Other provisions	1 939 619	7 391 743	5 750 333
	(391 696)	(15 288 213)	(12 228 078)

Certain deferred taxation assets and liabilities have been offset in accordance with the accounting policy. The following is the analysis of the deferred taxation balances (after offset) for balance sheet purposes:

Deferred taxation asset	11 324 274	4 567 649	8 976 410
Deferred taxation liability	(11 715 970)	(19 855 862)	(21 204 488)
	(391 696)	(15 288 213)	(12 228 078)

6.13 Inventories

Consumables	2 192 490	5 381 436	9 822 122
Merchandise for resale	18 848 660	24 310 739	26 542 801
Work in progress	–	–	8 300 948
Less: Provision for obsolescence	(2 738 543)	(3 116 020)	(4 064 790)
	18 302 607	26 576 155	40 601 081

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
6.14 Trade and other receivables			
Trade accounts receivable	82 947 765	83 689 968	121 845 566
Less: Provision for doubtful debts	(1 119 670)	(1 347 903)	(1 773 762)
	81 828 095	82 342 065	120 071 804
Other receivables	12 577 647	4 732 019	6 862 425
	94 405 742	87 074 084	126 934 229

6.15 Loans to group companies

Name of lenders	Secured or Unsecured	Terms and Conditions of repayment or renewal	Interest rate	UCS Solutions	Destiny Technology	UCS Technology	Accsys	Total
Aquitec UK Limited UCS Business Support Services (Pty) Ltd	Unsecured	No terms of repayment	N/a	4 993 494	-	-	-	4 993 494
UCS Group Limited	Unsecured	No terms of repayment	N/a	-	-	2 023 010	-	2 023 010
UCS Solutions Holdings (Pty) Ltd	Unsecured	No terms of repayment	N/a	63 701 489	10 397 498	36 353 258	936 350	111 388 595
				88 998 880	-	-	-	88 998 880
				157 693 863	10 397 498	38 376 268	936 350	207 403 979

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R

6.16 Issued share capital

Ordinary share capital

Authorised

2008: 3 000 at R1 per share and 500 at R0.50 per share

3 500

2009: 3 000 at R1 per share and 500 at R0.50 per share

3 500

2010: 220 002 100 at R1 per share and 500 at R0.50 per share

22 002 600

Issued

2008: 1 200 at R1 per share and 500 at R0.50 per share

1 450

2009: 1 200 at R1 per share and 500 at R0.50 per share

1 450

2010: 220 001 300 at R1 per share and 500 at R0.50 per share

220 001 550

The directors have general authority until the next general meeting to issue the unissued shares of the disposal entities under the provisions of the Companies Act.

6.17 Equity settled employee benefits

Market priced share option scheme

The UCS Group Limited Share Option Scheme allows certain employees the option to acquire shares in UCS Group Limited over a ten year period, with the options vesting in tranches of 25% from the grant date. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Should a scheme member cease to be an employee of the Group, any unexercised options are forfeited. The exercise price of the options is determined in accordance with the rules of the scheme, being the five day weighted average value per ordinary share immediately preceding the granting of the option.

These options are settled by means of the issue of shares by UCS Group Limited. Such equity-settled employee benefit payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled employee benefit payment is charged as employee costs on a straight-line basis over the period that the employees become unconditionally entitled to the options, based on management's estimate of the shares that will vest and adjusted for the effect of non market-based vesting conditions.

The fair value is measured using a stochastic model, based on the standard 'binomial' options pricing model (which is mathematically consistent with the Black-Scholes-Merton model) but allows for the particular features of employee share options to be modelled realistically. The model used for valuing the employee share option arrangements requires a number of assumptions to be made as inputs. The assumptions are management's best estimate of future experience over the expected option term.

The inputs into the model were unchanged for both 2008, 2009 and 2010 and are as follows:

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
Weighted average share price (cents)	428	428	428
Weighted average exercise price (cents)	414	414	414
Expected volatility	39.26% – 40.92%	39.26% – 40.92%	39.26% – 40.92%
Expected life	3 – 5 years	3 – 5 years	3 – 5 years
Risk free rate	7.73% – 8.51%	7.73% – 8.51%	7.73% – 8.51%
Expected dividend yield	2.41% – 3.17%	2.41% – 3.17%	2.41% – 3.17%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the number of previous years' corresponding with the option lifetime. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The share option employee benefit payment valuation was performed by independent experts for all periods.

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
Details of the share options during the year are as follows:			
Number of options:			
Outstanding at the beginning of year	9 390 000	4 436 000	3 564 000
Forfeited during the year	(1 637 000)	(582 000)	–
Exercised during the year	(735 000)	(290 000)	(39 500)
Transfer from group company	–	–	462 500
Replaced with zero cost options	(2 582 000)	–	–
Outstanding at the end of year	4 436 000	3 564 000	3 987 000
Weighted average exercise price (cents)			
Outstanding at the beginning of year	279	192	187
Forfeited during the year	336	227	–
Exercised during the year	130	182	142
Transfer from group company	–	–	191
Replaced with zero cost options	434	–	–
Outstanding at the end of year	192	187	188

Zero Cost Incentive Scheme

The Zero Cost Incentive Scheme, which was established in November 2008, is structured to acquire existing shares in the market for the benefit of eligible employees, including directors and senior executives in the business of UCS. The equity acquired by the scheme will vest with beneficiaries on a basis to be determined by the UCS Group board or its nominated committee from time to time and which will initially be over a period of five years from the date of issue in tranches of 10%, 15%, 20%, 25% and 30%. The Zero Cost Option Incentive Shares are exercisable within 90 days of the respective vesting dates after which time the options lapse. Should a scheme member cease to be an employee of the Group, any unexercised options are forfeited and the incentive shares placed in an unallocated pool for the benefit of other potential eligible employees.

The award price of options under this scheme is zero and may, at the election of the UCS Group board or its nominated committee, be based on such performance criteria as the committee may determine from time to time.

The zero priced options are settled by means of the issue of shares by UCS equity. Such equity-settled employee benefit payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled employee benefit payment is charged as employee costs over the period that the employees become unconditionally entitled to the options, based on management's estimate of the shares that will vest and adjusted for the effect of non market-based vesting conditions.

The fair value is measured using a stochastic model, based on the standard 'binomial' options pricing model (which is mathematically consistent with the Black-Scholes-Merton model) but allows for the particular features of employee share options to be modelled realistically. The model used for valuing the employee share option arrangements requires a number of assumptions to be made as inputs. The assumptions are management's best estimate of future experience over the expected option term.

The inputs applied to the zero cost model for new grants under the scheme for 2008, 2009 and 2010 are as follows:

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
Weighted average share price (cents)	214	195	196
Expected volatility	34.54% – 40.22%	38.53% – 42.78%	41.30% – 49.34%
Expected life	1 – 5 years	1 – 5 years	2 – 6 years
Risk free rate	8.99% – 9.53%	7.67% – 8.23%	7.16% – 8.21%
Expected dividend yield	2.31%	2.54%	4.97%

Expected volatility was determined by calculating the historical volatility of the Group's share price over the number of previous years' corresponding with the option lifetime. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The share option employee benefit payment valuation was performed by independent experts for all periods.

Details of the share options during the year are as follows:

Number of options:

Outstanding at the beginning of year	–	1 695 000	1 367 000
Transfer from market priced option	992 000	–	(61 500)
Transfer from group company	–	–	76 590
Granted during the year	703 000	–	(256 000)
Forfeited during the year	–	(212 000)	–
Exercised during the year	–	(116 000)	(12 765)
Outstanding at the end of year	1 695 000	1 367 000	1 113 325

6.18 Borrowings

Interest bearing loan	115 678 961	108 138 495	58 656 279
Loans secured by motor vehicles and computer and office equipment	15 742 468	22 319 857	14 512 920
Non-controlling Shareholder loans	7 413 868	–	–
	138 835 297	130 458 352	73 169 199
<i>Less:</i> Current portion shown under current liabilities	36 963 763	67 983 461	28 130 366
	101 871 534	62 474 891	45 038 833

Name of lenders	Secured or Unsecured		Date on which loan was made	Period of the loan	Amount	Terms and conditions of repayment or renewal	Purpose of loan	Interest rate	Details of security provided (if any)	Conversion or redemption rights	If repayable within 12 months, how the repayments are to be financed
Nedbank Limited	Secured		1 September 2008	60 months	R34 787 842	Repayable monthly over 60 instalments, the final instalment payable on 1 September 2013	Acquisition finance	Prime less 2%	Secured by cession of debtors and limited UCS suretyships of R53 million in favour of Nedbank Limited	N/a	Internal cash reserves
Nedbank Limited	Secured		Last loan provided in December 2007	60 months	R16 868 437	Repayable monthly, the final instalment payable on 1 January 2013	Acquisition finance	Prime less 2%	Secured by cession of debtors and limited UCS suretyships of R52 million in favour of Nedbank Limited	N/a	Internal cash reserves
IBM Global	Secured		Various asset based finance loans	36 months	R14 512 920	Repayable quarterly	Asset based finance	Variable between 10.04% and 15.65%	Secured by computer and other equipment	N/a	Internal cash reserves
Acacia International Limited	Secured		30 September 2010	120 months	R7 000 000	Interest is payable semi-annually and the loan capital is repayable by no later than 1 October 2020	Working capital funding	6 month Johannesburg Inter-bank borrowing rate	Secured by redeemable preference shares in Acacia U2 Investments (Pty) Ltd held by UCS Group Ltd	N/a	Internal cash reserves
Total borrowings											R73 169 199

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
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6.19 Redeemable preference shares

Authorised

1 000 000 preference shares of R0.01 each	10 000	10 000	10 000
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Issued

1 000 000 preference shares of R0.01 each issued at a premium of R219.99 each	220 000 000	220 000 000	–
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The preference shares conferred on their holder the right to receive out of the profits of UCS Solutions available for distribution, an annual dividend calculated on R220 000 000 at a rate of 75% of the prime rate.

The preference shares could be redeemed from 1 April 2008 and had to be redeemed on 31 March 2010. If redeemed from 1 April 2008 the redemption price was R235 000 000, if redeemed on 31 March 2010 the redemption price was R220 000 000. The preference shares were redeemed on 31 March 2010.

The preference shares carry no voting rights unless the dividend remains in arrears or unpaid, or a resolution to dispose of UCS Solutions is proposed.

The redeemable preference shares were issued to UCS Solutions Holdings, UCS Solutions holding company. In accordance with the rights and conditions attaching to the subscriptions shares, the holding company would redeem the preference shares on 31 March 2010. The redemption would take place out of an issue of ordinary shares which were issued specifically for the purposes of the redemption.

6.20 Trade and other payables

Trade payables	34 890 378	30 865 645	59 017 084
Sundry payables and accruals	53 220 245	70 777 876	83 277 914
Advanced billings	1 436 207	1 298 377	12 096 776
	89 546 830	102 941 898	154 391 774

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
6.21 Provisions			
<i>Provision for contractual commitments</i>			
Balance at beginning of year	–	2 802 840	7 335 396
Amounts provided	2 802 840	14 636 524	12 793 003
Amounts utilised	–	(10 103 968)	(16 068 399)
Balance at end of year	2 802 840	7 335 396	4 060 000
<i>Other provisions</i>			
Balance at beginning of year	–	78 033	23 588
Amounts provided	78 033	–	–
Amounts utilised	–	(54 445)	(23 317)
Balance at end of year	78 033	23 588	271
<i>Total provisions</i>			
Balance at beginning of year	–	2 880 873	7 358 984
Amounts provided	2 880 873	14 636 524	12 793 003
Amounts utilised	–	(10 158 413)	(16 091 716)
Balance at end of year	2 880 873	7 358 984	4 060 271

The provision for contractual commitments relate to certain customer contracts where the estimated cost to deliver on the contractual obligations exceeded the contracted contribution.

6.22 Loans from Group Companies

Name of lenders	Secured or Unsecured	Terms and Conditions of repayment or renewal	Interest rate	UCS Solutions	Destiny E-commerce	UCS Technology	Accsys	CEB Maintenance	Total
Affinity Logic Management Services (Pty) Ltd	Unsecured	No terms of repayment	N/a	299 506	-	-	-	-	299 506
Argility Limited	Unsecured	No terms of repayment	N/a	-	-	11 023 554	-	-	11 023 554
Computerkit Holdings (Pty) Ltd	Unsecured	No terms of repayment	N/a	-	-	32 549 951	-	-	32 549 951
Quadrant Consulting Group (Pty) Ltd	Unsecured	No terms of repayment	N/a	29 206 192	-	-	-	-	29 206 192
UCS Business Support Services (Pty) Ltd	Unsecured	No terms of repayment	N/a	-	-	556 547	-	-	556 547
UCS Group Limited	Unsecured	No terms of repayment	N/a	-	-	8 103 237	-	579 543	8 682 780
UCS Software (Pty) Ltd	Unsecured	No terms of repayment	N/a	-	-	7 671 181	-	-	7 671 181
UCS Solutions Holdings (Pty) Ltd	Unsecured	No terms of repayment	N/a	-	-	-	-	5 683 055	5 683 055
				29 505 698	-	59 904 470	-	6 262 598	95 672 766

Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
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6.23 Cash generated from operations before working capital changes

Profit before taxation	31 915 593	99 048 608	112 369 712
Adjustments for:			
Depreciation	19 031 733	22 732 979	26 843 148
Depreciation included in cost of sales	-	-	661 291
Amortisation	5 703 393	14 290 502	13 793 472
Finance charges	9 748 341	17 061 236	10 388 858
Investment revenues	(3 839 736)	(3 930 481)	(4 363 557)
Gain on disposal of property, plant and equipment	(78 375)	(500 763)	(341 649)
Profit on sale of division	-	(54 198 717)	(12 386 005)
Movement in provisions	2 880 873	4 478 111	(3 298 713)
Equity-settled employee benefit expense	(811 972)	2 716 562	1 560 400
Fair value adjustment on acquisition of business	-	-	(76 447)
	64 549 850	101 698 037	145 150 510

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
6.24 Working capital changes			
Decrease (increase) in inventories	502 036	(8 273 548)	(350 012)
Decrease (increase) in trade and other receivables	10 302 770	5 864 970	(2 765 583)
(Decrease) increase in trade and other payables	(5 744 102)	9 706 370	26 377 274
	5 060 704	7 297 792	23 261 679
6.25 Dividends			
Dividends declared and paid during the year	1 814 343	5 011 837	43 132 849
	1 814 343	5 011 837	43 132 849
6.26 Taxation paid			
Amount (unpaid) prepaid at beginning of year	(1 185 665)	(3 767 326)	(521 058)
Taxation charge for the year	(7 719 483)	(10 900 272)	(32 505 176)
Amount unpaid (prepaid) at end of year	3 767 326	521 058	4 505 571
	5 137 822	14 146 540	28 520 663
6.27 Acquisition of property, plant and equipment (including rental equipment)			
Owned			
Computer equipment	11 781 334	6 360 111	15 807 882
Furniture, fixtures and fittings	3 330 080	3 810 881	4 219 081
Leasehold improvements	1 159 808	1 376 841	2 735 772
Motor vehicles	1 790 757	886 266	751 047
Rental equipment	12 068 390	14 033 972	1 359 627
Leased			
Computer equipment	–	–	4 438 481
Motor vehicles	–	1 749 221	–
	30 130 369	28 217 292	29 311 890
Less: Acquired through business combinations	(3 072 852)	–	(10 606 958)
	27 057 517	28 217 292	18 704 932
6.28 Acquisition of intangible assets			
Computer Software	10 243 607	8 329 033	5 503 029
Customer relationships	33 737 917	–	–
Development costs	–	–	2 723 208
Trademarks	–	–	–
	43 981 524	8 329 033	8 226 237
Less: Acquired through business combinations	(42 600 584)	–	(4 176 085)
	1 380 940	8 329 033	4 050 152

6.29 Acquisition of subsidiary/business

30 September 2008

(1) The going concern business of Computer Software Consultants (Pty) Ltd was acquired for an initial cash consideration of R67 605 000. Should the business achieve certain profit warranties up until 30 September 2010, the total purchase price payable would rise to a maximum of R98 100 000.

30 September 2009

No acquisition of business or subsidiary.

30 September 2010

(1) UCS Solutions acquired the internal information technology services department ("ICT") from UCS Software (Pty) Ltd for a cash consideration of R3 765 655.

(2) UCS Technology Services acquired the customer services division of UCS Software (Pty) Ltd and the going concern business of Computerkit Holdings (Pty) Ltd. The purchase consideration of R47 558 456 was settled through group loan accounts.

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
Property, plant and equipment (including rental equipment)	3 072 852	–	10 606 958
Intangible assets	42 600 584	–	4 176 085
Trade and other receivables	11 825 657	–	37 094 562
Inventory	5 973 576	–	13 674 914
Cash and bank balances	3 000 000	–	8 660 570
Loans to group companies	–	–	1 600 395
Deferred taxation	(11 911 288)	–	2 754 023
Borrowings	–	–	(3 899 090)
Trade and other payables	(7 960 426)	–	(26 094 143)
Net asset value acquired	46 600 955	–	48 574 274
Goodwill	37 515 172	–	2 817 283
Purchase consideration	84 116 127	–	51 391 557
Made up as follows:			
Consideration paid	67 605 000	–	3 756 655
Loan funding	16 511 127	–	47 634 902
	84 116 127	–	51 391 557
Total cash consideration made up as follows::			
Consideration received	(67 605 000)	–	(3 756 655)
Transaction fees capitalised	(1 143 841)	–	–
Cash and bank balances acquired	3 000 000	–	8 660 570
	(65 748 841)	–	4 903 915

6.30 Disposal of subsidiary/business

30 September 2008

No disposal of subsidiary or business.

30 September 2009

With effect from 1 August 2009, UCS Solutions disposed of its Enterprise Solutions division ("ES division") as a going concern to HCL Axon (Pty) Ltd for a total potential consideration of R125,3 million. R57,1 million, was net of working capital funding requirements, was paid upfront on fulfilment of the suspensive conditions while the balance is payable on the ES division's achievement of pre-defined revenue targets.

30 September 2010

With effect from 31 May 2010, UCS Technology Services disposed of its Developers division as a going concern to a fellow UCS Group subsidiary, Argility Limited. The purchase consideration of R1 508 568 was settled through group loan accounts.

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
Property, plant and equipment (including rental equipment)	–	243 786	163 346
Intangible assets	–	3 061 283	2 521 757
Trade and other receivables	–	1 466 688	–
Trade and other payables	–	(22 501)	(1 176 233)
Net asset value	–	4 749 256	1 508 870
Consists of:			
Cash	–	(59 600 000)	(12 386 005)
Transaction cost paid	–	652 027	–
Loan funding	–	–	(1 508 870)
	–	(54 198 717)	(12 386 005)
For cash flow purposes:			
Consideration received	–	59 600 000	12 386 005
Transaction fees capitalised	–	(652 027)	–
Cash and bank balances acquired	–	–	–
	–	58 947 973	12 386 005

6.31 Capital commitments

Commitments in respect of capital expenditure approved by the directors:

– contracted for	8 808 200	484 175	2 248 930
– not yet contracted for	9 007 000	26 972 780	36 786 050
	17 815 200	27 456 955	39 034 980

6.32 Operating lease commitments

Operating lease commitments – Property

Due within one year	8 323 806	14 900 456	22 309 430
Due within two to five years	16 369 446	33 447 231	39 521 725
	24 693 252	48 347 687	61 831 155

Operating lease commitments – Equipment

Due within one year	550 037	325 671	186 316
Due within two to five years	606 824	261 444	25 491
	1 156 861	587 115	211 807

Operating lease commitments – Motor vehicles

Due within one year	–	690 159	923 328
Due within two to five years	–	840 876	913 027
	–	1 531 035	1 836 355

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
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6.33 Financial risk management

Financial assets comprise

Non-current assets

Loans receivable	400 000	650 000	1 225 000
Total non-current assets	400 000	650 000	1 225 000

Current assets

Trade and other receivables	93 894 172	87 074 084	126 934 229
Loans to group companies	112 815 056	176 709 178	207 403 979
Loans to third parties	–	2 100 000	–
Cash and bank balances	44 592 097	52 780 556	70 639 036
Total non-current assets	251 301 325	318 663 818	404 977 244
Total financial assets	251 701 325	319 313 818	406 202 244

Statutory VAT receivables have been excluded from trade and other receivables for financial asset classification (2008: 511 570, 2009: Nil, 2010: Nil).

Trade accounts receivable are categorised according to the market segments in which the customer operates. The market segments are defined as retail, government, financial services and other. Trade accounts receivable which cannot be defined as either retail, government or financial services are included in the "other" category along with the balance of financial assets.

	Loans and receivables	FVTPL/ Held for sale	Other financial assets	Total	Fair value
2008					
Retail	55 194 210	–	–	55 194 210	55 194 210
Government	5 833 215	–	–	5 833 215	5 833 215
Financial services	43 077 815	–	–	43 077 815	43 077 815
Other	147 596 085	–	–	147 596 085	147 596 085
	251 701 325	–	–	251 701 325	251 701 325
2009					
Retail	51 075 146	–	–	51 075 146	51 075 146
Government	850 987	–	–	850 987	850 987
Financial services	44 202 621	–	–	44 202 621	44 202 621
Other	223 185 064	–	–	223 185 064	23 185 064
	319 313 818	–	–	319 313 818	319 313 818
2010					
Retail	149 787 408	–	–	149 787 408	149 787 408
Government	3 688 551	–	–	3 688 551	3 688 551
Financial services	14 433 167	–	–	14 433 167	14 433 167
Other	238 293 118	–	–	238 293 118	238 293 118
	406 202 244	–	–	406 202 244	406 202 244

	Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
Financial liabilities comprise			
Borrowings	138 835 297	130 458 352	73 169 199
Trade and other payables	87184 786	97752 797	145 577 905
Loans from group companies	34 649 538	29 749 538	95 672 766
	260 669 621	257 960 687	314 419 870

The carrying value of the financial liabilities is the fair value of the financial liabilities for 2008, 2009 and 2010.

Statutory VAT payables have been excluded from trade and other payables for financial liabilities classification (2008: 2 362 044, 2009: 5 189 101, 2010: 8 813 869).

EXPOSURE TO CREDIT RISK

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

Trade and other receivables (net of provision for doubtful debts)	93 894 172	87 074 084	126 934 229
Provision for doubtful debts	1 119 670	1 347 903	1 773 762
	95 013 842	88 421 987	128 707 991
Loans receivable	400 000	2 750 000	1 225 000
Loans to group companies	112 815 056	176 709 178	207 403 979
Cash and bank balances	44 592 097	52 780 556	70 639 036
	252 820 995	320 661 721	407 976 006

	Neither past due nor impaired	Re-negotiated	Past Due	Impaired	Total
2008					
Retail	46 019 623	–	9 174 587	583 901	55 778 111
Government	4 310 422	–	1 522 793	–	5 833 215
Financial Services	41 816 001	324 458	937 356	–	43 077 815
Other	144 319 944	–	3 276 141	535 769	148 131 854
	236 465 990	324 458	14 910 877	1 119 670	252 820 995
2009					
Retail	45 930 863	–	5 144 283	1 004 383	52 079 529
Government	850 987	–	–	–	850 987
Financial Services	43 586 348	249 807	366 466	–	44 202 621
Other	222 885 768	–	299 296	343 520	223 528 584
	313 253 966	249 807	5 810 045	1 347 903	320 661 721
2010					
Retail	132 564 539	–	17 222 869	1 521 368	151 308 776
Government	3 388 875	–	299 676	–	3 688 551
Financial Services	13 907 390	–	525 777	–	14 433 167
Other	236 938 721	–	1 354 397	252 394	238 545 512
	386 799 525	–	19 402 719	1 773 762	407 976 006
			Reviewed 30 September 2008 R	Reviewed 30 September 2009 R	Audited 30 September 2010 R
Trade receivables					
Trade receivables			82 947 765	83 689 968	121 845 566
Provision for doubtful debts			1 119 670	1 347 903	1 773 762
Net trade receivables			81 828 095	82 342 065	120 071 804
Provision for doubtful debts movement					
Balance at beginning of year			602 540	1 119 670	1 347 903
Impairment losses recognised			778 913	3 429 854	11 003
Impairment released			–	7 638	(591 842)
Balances written off			(261 783)	(3 209 259)	(799 869)
Acquired through business combinations			–	–	1 806 567
Balance at end of year			1 119 670	1 347 903	1 773 762

	0 – 30 days	30 – 90 days	90 – 365 days	365 days onwards	Total
Aged trade receivables					
2008					
Retail	49 222 896	2 540 430	1 990 355	1 211 454	54 965 135
Government institutions	4 225 158	85 264	1 522 793	–	5 833 215
Financial Services	6 662 883	747 107	514 707	–	7 924 697
Other	9 295 647	2 859 475	937 614	12 312	13 105 048
	69 406 584	6 232 276	4 965 469	1 223 766	81 828 095
2009					
Retail	45 930 860	2 441 704	595 607	3 111 355	52 079 526
Government institutions	850 987	–	–	–	850 987
Financial Services	6 510 549	231 177	385 096	–	7 126 822
Other	21 409 961	477 230	1 482 674	262 768	23 632 633
	74 702 357	3 150 111	2 463 377	3 374 123	83 689 968
2010					
Retail	79 473 397	10 521 813	3 164 469	2 911 061	96 070 740
Government institutions	3 388 875	299 676	–	–	3 688 551
Financial Services	5 001 444	465 294	60 483	–	5 527 221
Other	12 006 016	3 310 368	980 365	262 305	16 559 054
	99 869 732	14 597 151	4 205 317	3 173 366	121 845 566
<hr/>					
	0 – 30 days	30 – 90 days	90 – 365 days	365 days onwards	Total
Aged provision for doubtful debts					
2008					
Retail	–	–	549 838	34 063	583 901
Government institutions	–	–	–	–	–
Financial Services	–	–	–	–	–
Other	–	6 112	517 233	12 424	535 769
	–	6 112	1 067 071	46 487	1 119 670
2009					
Retail	–	–	4 383	1 000 000	1 004 383
Government institutions	–	–	–	–	–
Financial Services	–	–	–	–	–
Other	–	–	46 689	296 831	343 520
	–	–	51 072	1 296 831	1 347 903
2010					
Retail	–	–	1 510 365	11 003	1 521 368
Government institutions	–	–	–	–	–
Financial Services	–	–	–	–	–
Other	–	–	–	252 394	252 394
	–	–	1 510 365	263 397	1 773 762

EXPOSURE TO CURRENCY RISK

	South African Rand (Rand)	United States Dollar (Rand)	Total (Rand)
Financial assets			
2008			
Retail	54 785 237	408 973	55 194 210
Government institutions	5 833 215	–	5 833 215
Financial Services	42 909 407	168 408	43 077 815
Other	147 427 800	168 285	147 596 085
	250 955 659	745 666	251 701 325
2009			
Retail	51 075 146	–	51 075 146
Government institutions	850 987	–	850 987
Financial Services	43 829 327	373 294	44 202 621
Other	223 185 064	–	223 185 064
	318 940 524	373 294	319 313 818
2010			
Retail	149 787 408	–	149 787 408
Government institutions	3 688 551	–	3 688 551
Financial Services	14 152 229	280 938	14 433 167
Other	237 820 894	472 224	238 293 118
	405 449 082	753 162	406 202 244
Financial liabilities			
2008			
Borrowings	138 835 297	–	138 835 297
Trade and other payables	86 915 388	269 398	87 184 786
Loans from group companies	34 649 538	–	34 649 538
	260 400 223	269 398	260 669 621
2009			
Borrowings	130 458 352	–	130 458 352
Trade and other payables	91 461 696	6 291 101	97 752 797
Loans from group companies	29 749 538	–	29 749 538
	251 669 586	6 291 101	257 960 687
2010			
Borrowings	73 169 199	–	73 169 199
Trade and other payables	144 582 735	995 170	145 577 905
Loans from group companies	95 672 766	–	95 672 766
	313 424 700	995 170	314 419 870

	South African Rand (Rand)	United States Dollar (Rand)	Total (Rand)
--	--	--	-------------------------

The following significant exchange rates were applied during the year:

US Dollar			
Closing rate	8.32	7.44	6.99
Average rate	7.81	9.05	7.47

Foreign currency sensitivity

The United States Dollar is the primary currency to which the Disposal Entities are exposed. The following table indicates the sensitivity at each year end assuming a 10% strengthening of the Rand against the United States Dollar excluding forward foreign exchange contracts. The rate of sensitivity represents management's assessment of the possible change in reporting currency rates at reporting date and is not intended to represent a management forecast. The analysis assumes that all other variables, in particular interest rates, remain constant and is applied against the gross statement of financial position exposure.

(Profit) Loss	(47 626)	591 780	24 200
Financial assets	671 099	335 965	677 845
Financial liabilities	296 377	6 920 211	1 094 678

INTEREST RATE RISK

	Fixed interest rate	Floating interest rate	Non- interest bearing	Total
Financial assets				
2008				
Retail	–	–	55 194 210	55 194 210
Government institutions	–	–	5 833 215	5 833 215
Financial Services	–	–	43 077 815	43 077 815
Other	–	56 585 686	91 010 399	147 596 085
	–	56 585 686	195 115 639	251 701 325
2009				
Retail	–	–	51 075 146	51 075 146
Government institutions	–	–	850 987	850 987
Financial Services	–	–	44 202 621	44 202 621
Other	–	71 097 408	152 087 656	223 185 064
	–	71 097 408	248 216 410	319 313 818
2010				
Retail	–	–	149 787 408	149 787 408
Government institutions	–	–	3 688 551	3 688 551
Financial Services	–	–	14 433 167	14 433 167
Other	–	92 162 079	146 131 039	238 293 118
	–	92 162 079	314 040 165	406 202 244

	Fixed interest rate	Floating interest rate	Non- interest bearing	Total
Financial liabilities				
2008				
Borrowings	13 600 000	125 235 297	–	138 835 297
Trade and other payables	–	–	87 184 786	87 184 786
Loans from group companies	–	–	34 649 538	34 649 538
	13 600 000	125 235 297	121 834 324	260 669 621
2009				
Borrowings	13 600 000	116 858 352	–	130 458 352
Trade and other payables	–	–	97 752 797	97 752 797
Loans from group companies	–	–	29 749 538	29 749 538
	13 600 000	116 858 352	127 502 335	257 960 687
2010				
Borrowings	7 000 000	66 169 199	–	73 169 199
Trade and other payables	–	–	145 577 905	145 577 905
Loans from group companies	–	–	95 672 766	95 672 766
	7 000 000	66 169 199	241 250 671	314 419 870
Interest rate sensitivity				
The Disposal Entities are sensitive to the movements in the South African interest rates which are primary interest rates to which the entities are exposed. The rate of sensitivity represents an assessment of the possible change in interest rates and is not intended to represent a management forecast. If the South African interest rate decreased by 200 basis points, then income for the year would decrease as follows:				
Loss		118 172	262 615	120 506
LIQUIDITY RISK				
		0 – 1 years	2 – 5 years	Thereafter
2008				
Borrowings		36 963 763	101 871 534	–
Trade and other payables		87 184 786	–	–
Loans from group companies		34 649 538	–	–
		158 798 087	101 871 534	–
2009				
Borrowings		67 983 461	62 474 891	–
Trade and other payables		97 752 797	–	–
Loans from group companies		29 749 538	–	–
		195 485 796	62 474 891	–
2010				
Borrowings		28 130 366	38 038 833	7 000 000
Trade and other payables		145 577 905	–	–
Loans from group companies		95 672 766	–	–
		269 381 037	38 038 833	7 000 000

Gearing Ratio	2008	2009	2010
Total debt	138 835 297	130 458 352	73 169 199
Less: Cash and bank balances	(44 592 097)	(52 780 556)	(70 639 036)
Net debt	94 243 200	77 677 796	2 530 163
Total equity	(21 814 241)	47 343 942	304 494 440
Net debt to equity ratio	(432%)	164%	1%

6.34 Related parties

Income (expenses) from related parties

Accsys (Pty) Ltd	–	2 625	137 258
Aquitec UK Limited	(268 122)	(7 042)	3 067 025
Argility Limited	–	–	(7 829 878)
CEB Maintenance Africa (Pty) Ltd	(1 594 259)	(584 707)	706 675
CEB Maintenance Botswana (Pty) Ltd	(445 869)	(803 096)	(780 393)
CEB Maintenance Namibia (Pty) Ltd	(1 500 000)	(1 800 000)	(1 890 000)
Computerkit Holdings (Pty) Ltd	528 657	1 227 597	(13 809 091)
Destiny Electronic Commerce (Pty) Ltd	–	–	(13 576 807)
GAAP Point-of-Sale (Pty) Ltd	–	–	2 804 777
Innervation Value Added Services (Pty) Ltd	(15 205)	(1 249 522)	(488 570)
Oberhurst Properties (Pty) Ltd	(1 560 785)	(2 179 847)	–
TSS Managed Services (Pty) Ltd	(473 731)	(1 753 387)	(1 834 669)
UCS Business Support Services (Pty) Ltd	–	–	(2 816 756)
UCS Dynamics Software Solutions (Pty) Ltd	–	(516 509)	(404 288)
UCS Group Limited	3 136 992	377 240	(29 790 864)
UCS Software (Pty) Ltd	(3 853 133)	(12 945 823)	(7 101 248)
UCS Software Manufacturing (Pty) Ltd	–	(23 683)	9 437
UCS Solutions (Pty) Ltd	(3 631 620)	(626 132)	6 110 080
UCS Solutions Holdings (Pty) Ltd	–	–	(6 905 578)
UCS Solutions Incorporated	–	(4 569 524)	(483 238)
UCS Technology Services (Pty) Ltd	–	–	(6 967 115)
Ultisales Retail Software (Pty) Ltd	–	–	552 145
TOTAL RELATED PARTY TRANSACTIONS	(9 677 075)	(25 451 810)	(81 291 098)

Balances owing by (to) related parties

Accsys (Pty) Ltd	–	–	9 689
Affinity Logic Management Services (Pty) Ltd	(299 505)	(299 505)	(299 505)
Aquitec UK Limited	–	–	4 993 493
Argility Limited	–	–	(13 002 524)
CEB Maintenance Africa (Pty) Ltd	34 175	–	893
Computerkit Holdings (Pty) Ltd	–	(77 634)	(32 549 952)
Destiny Electronic Commerce (Pty) Ltd	–	–	(1 302 167)
GAAP Point-of-sale (Pty) Ltd	–	–	1 799 597
Innervation Value Added Services (Pty) Ltd	–	182 341	(330 878)
Quadrant Consulting (Pty) Ltd	(29 206 192)	(29 206 192)	(29 206 192)
TSS Managed Services (Pty) Ltd	700 352	11 902	257 765
UCS Business Support Services (Pty) Ltd	–	–	(547 136)
UCS Dynamics Software Solutions (Pty) Ltd	–	(134 500)	(739 639)
UCS Group Limited	18 316 853	20 943 500	102 480 848
UCS Software (Pty) Ltd	(2 109 371)	(684 506)	(7 722 652)
UCS Software Manufacturing (Pty) Ltd	–	17 100	2 023 010
UCS Solutions (Pty) Ltd	–	–	(6 296)
UCS Solutions Holdings (Pty) Ltd	(5 683 053)	(5 683 053)	83 315 827
UCS Technology Services (Pty) Ltd	–	–	–
Universal Computer Software UK Limited	7 259 204	–	–
TOTAL RELATED PARTY BALANCES	(10 987 537)	(14 930 547)	109 174 181

7. COMMENTARY

Commentary on the historical performance of the Disposal Entities for the period under review is set out below.

2008

Most business units within the target companies recorded solid results and maintained their favourable positions within their chosen markets, despite the challenges presented by the retail sector which started feeling the pressure of reduced consumer confidence and spending.

The exception to the achievements of 2008 was the Consulting Services Practice (the Enterprise Solutions Division). This business unit which resides in UCS Solutions (Proprietary) Limited found itself exposed to the market conditions which saw the curtailment, deferral or cancellation of projects, and this negatively impacted on the financial results of this company.

Destiny Electronic Commerce (Proprietary) Limited acquired the going concern business of Computer Software Consultant's (CSC), the Verifone secure payment terminal distribution and support business, which contributed to the financial results for only one month of the financial year (September 2008).

UCS Technology Services was set-up with effect from 1 October 2009 and therefore did not contribute to the financial results in this particular period.

Revenue for the year amounted to R517,6 million in total across the Disposal Entities while operating profit from the operations before interest, depreciation, foreign exchange differences, impairments and research and development expenditure came in at R66,2 million. Earnings before interest and taxation came in at R37,8 million whilst net profit for the year was R20,1 million.

With the acquisition of CSC there was an increase in external third party debt bringing the total borrowings of the Disposal Entities to R138,8 million. Included in the total borrowings was also the original acquisition finance for the purchase of CEB Maintenance in October 2005 and the asset backed finance in UCS Solutions for its application hosting and infrastructure services business.

The current ratio for the combined Disposal Entities came in at a healthy 1,57:1 with cash and cash equivalents contributing R44,6 million to the current asset make up of R270,1 million.

2009

The majority of the revenue growth realised from 2008 to 2009 of R173,0 million to R690,7 million was as a consequence of a full financial year contribution from CSC.

During the 2009 financial year, the economic recessionary climate prevailed and this continued to negatively affect the once-off discretionary spend area of UCS Solutions as retailers attempted to reduce costs in the face of falling consumer spend. Once again projects that would have had a significant overall impact on UCS Solutions were either cancelled or postponed.

A decision was taken to exit in particular the large scale tier 1 SAP retail implementation business which was achieved through the disposal of the Enterprise Solutions Division (a Division of UCS Solutions (Proprietary) Limited) to HCL-Axon with effect from 1 August 2009 (two months before the end of the 2009 financial year). This decision was based on an intention to reduce the Group's exposure to once off large scale projects and associated once off revenues together with a strategic perspective regarding the finite nature of the South African market for further Tier 1 SAP Retail implementations. The impact of this disposal on the 2009 income statement was a significant once off profit on disposal of R54,2 million.

CEB Maintenance remained a consistent, stable and reliable contributor to the Disposal Entities results through its professional, well-managed "man-in-van" support service. This business continued to receive compliments from its blue-chip Tier 1 retail and telecommunication clients.

The CSC acquisition in September 2008 performed well and underpinned the majority of both the revenue and profit growth for these Disposal Entities in the 2009 financial year.

Once again UCS Technology Services (Proprietary) Limited was not set-up until 1 October 2009 and did not contribute to Disposal Entities companies results presented for the 2009 financial year.

Earnings before interest, amortisation and depreciation, foreign exchange differences, impairments and research and development expenditure grew by R32,6 million to R98,8 million. After the increase in interest costs of R7,3 million which was driven largely as a consequence of the increased borrowings

and deferred vendor loan associated with the acquisition of CSC the target companies in total achieved a Profit before tax of R99,3 million but this included the once off profit on sale of the Enterprise Solutions business of R54,2 million.

Net profit for the year was R73,3 million.

Total borrowings reduced to R130,5 million with the majority of the external bank debt on a five year amortising loan profile and the first deferred vendor loan repayment for CSC having been settled. A decision was also taken at the balance sheet date to bring onto balance sheet the balance of the likely deferred vendor loan obligation related to the forecast performance of CSC in 2010 at that point.

The redeemable preference shares of R220 million which resided on the UCS Solutions (Proprietary) Limited balance sheet and issued to its holding company UCS Solutions Holdings (Proprietary) Limited were re-categorised as current as these instruments were due for redemption within the 12 month period from the balance sheet date.

Excluding the redeemable preference shares, the Disposal Entities combined current ratio came in at 1,64:1 with the cash and cash equivalents balance of R52,8 million.

2010

The Disposal Entities enjoyed good revenue and margin growth, benefitting primarily from organic growth achieved through ongoing strong relationships with existing customers, as the market, still somewhat limited because of the prevailing economic climate, presented limited opportunities to win new customers.

Organic growth was supported by a strategic operational decision taken in 2009 to reposition the assets within the services business (the target companies) for annuity based services. One of the Disposal Entities was in the process of closing out two onerous projects during 2010 and the process should see the projects completed early in 2011 financial year, following which the business will reap the benefits of these projects evolving into their annuity income phase, the ongoing support and maintenance relationship.

The delay in project delivery has had a direct impact on margins as more costs are incurred to deliver, there is a deferral in the trigger for annuity revenues and resources are tied up and not available for reallocation to new revenue generating projects. Given the fact that these projects are likely to be delivered in early 2011, the target companies are positioned to show an improvement in margins and profitability.

CSC saw the number of devices sourced and supplied during 2010 increase by 14% as retailers approached CSC directly for devices and additional banks contracted with the business. This growth was, however, negatively affected in terms of actual revenue realised as a result of the strengthening in the Rand/ US Dollar exchange rate.

Accsys saw revenue growth of almost 12% with a substantial improvement in margins and associated profitability given the favourable mix in revenue growth weighted towards the sale of new generation proprietary software.

CEB Maintenance continued to deliver consistent growth as its revenue moved up 19% on the back of the delivery of additional services in existing customers and the securing of additional support contracts for new market initiatives such as the RICA terminal deployment and ongoing support. The business solidified its position as South Africa's largest IT Point of Sale maintenance service provider.

UCS Technology Services also commence trading in its current form from the beginning of the 2010 financial year and was the largest contributor to the increase in revenue to R1,0 billion for the Disposal Entities from the 2009 R691 million.

Earnings from operations before interest, amortisation and depreciation, foreign exchange differences, impairments and research and development expenditure came in at R158,2 million.

A further upside payment was received from HCL Axon as a consequence of the disposal of the Enterprise Solutions business in August 2009. This represented a further once off profit on sale of R12,4 million in the 2010 income statement.

Profit before tax after including this once off profit on sale came in at R112,4 million and net profit for the year was R80,2 million.

The redeemable preference share in UCS Solutions which was reflected as a current liability in 2009 was settled through the issue to UCS Solutions Holdings (Proprietary) Limited of new ordinary shares at a premium in 2010. This had the effect of reducing the current liabilities and increasing the issued and stated capital of the target company.

Borrowings continued to reduce as the final deferred vendor loan related to the acquisition of CSC was settled in full in May 2010 and management continued to apply cash generated to the reduction of debt owing by the respective Disposal Entities. Total borrowings at the end of 2010 were R73,2 million.

The current ratio came in at 1,55:1 with cash and cash equivalents in total for the Disposal Entities at R70,6 million.

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF UCS

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this Annexure.

"The Directors
UCS Group Limited
20th Floor
209 Smit Street
Braamfontein
Johannesburg
2001

3 March 2011

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE UNAUDITED *PRO FORMA* FINANCIAL EFFECTS OF THE STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION OF UCS GROUP LIMITED ("UCS")**Introduction**

We have performed our limited assurance engagement with regard to the unaudited *pro forma* financial effects of the statement of financial position and statement of comprehensive income (collectively "the *pro forma* financial information") of UCS set out in paragraph 4.2 and Annexure 6 of this Circular to be issued on or about 9 March 2011 ("the Circular"), issued in connection with the Transaction.

The *pro forma* financial information has been prepared for purposes of complying with the requirements of the JSE, for illustrative purposes only, to provide information about how the Transaction might have affected the reported financial information, had the Transaction been undertaken on 1 October 2009 for statement of comprehensive income purposes and 30 September 2010 for statement of financial position purposes.

Because of its nature, the *pro forma* financial information may not present a fair reflection of the financial position or results of operations after the Transaction.

Directors' responsibility

The Directors are solely responsible for the compilation, contents and presentation of the *pro forma* financial information contained in the Circular and for the financial information from which it has been prepared.

Their responsibility includes determining that the *pro forma* financial information contained in this Circular has been properly compiled on the basis stated, the basis is consistent with the accounting policies of UCS and the *pro forma* adjustments are appropriate for the purposes of the *pro forma* financial information as disclosed in terms of the Listings Requirements.

Reporting accountants' responsibility

Our responsibility is to express a limited assurance conclusion on the *pro forma* financial information included in this Circular. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the *Revised Guide on Pro Forma Financial Information* issued by the South African Institute of Chartered Accountants.

This standard requires us to comply with ethical requirements and to plan and perform the assurance engagement to obtain sufficient appropriate audit evidence to support our limited assurance conclusion, expressed below.

We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the *pro forma* financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Sources of information and work performed

Our procedures consisted primarily of comparing the unadjusted audited historical financial information of UCS with the source documents, considering the *pro forma* adjustments in light of the accounting policies of UCS, considering the evidence supporting the *pro forma* adjustments, recalculating the amounts based on the information obtained and discussing the *pro forma* financial information with the directors of UCS.

In arriving at our conclusion, we have relied upon financial information prepared by the directors of UCS and other information from various public, financial and industry sources.

Whilst our work performed has involved an analysis of the historical published financial information and other information provided to us, our limited assurance engagement does not constitute either an audit or review of any of the underlying financial information undertaken in accordance with the International Standards on Auditing or the International Standards on Review Engagements and accordingly, we do not express an audit or review opinion.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Opinion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that in terms of Sections 8.17 and 8.30 of the Listings Requirements:

- the *pro forma* financial information has not been properly compiled on the basis stated;
- such basis is inconsistent with the accounting policies of UCS; and
- the adjustments are not appropriate for the purposes of the *pro forma* financial information as disclosed pursuant to section 8.30 of the JSE Listings Requirements.

Consent

We consent to the inclusion of this letter and the reference to our opinion in this Circular in the form and context in which it appears.

Yours faithfully

Deloitte & Touche

Registered Auditors
Per B L Escott
Partner

Deloitte & Touche

Deloitte Place
The Woodlands
20 Woodlands Drive
Woodmead
Sandton
2196

National Executive: G G Gelink Chief Executive, A E Swiegers Chief Operating Officer, G M Pinnock Audit, D L Kennedy Risk Advisory, N B Kader Tax & Legal Services, L Geeringh Consulting, L Bam Corporate Finance, JK Mazzocco Human Resources, C R Beukman Finance, T J Brown Clients, N T Mtoba Chairman of the Board, M J Comber Deputy Chairman of the Board.

A full list of partners and directors is available on request"

PRO FORMA FINANCIAL INFORMATION OF UCS

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this Annexure 6.

This unaudited *pro forma* financial information has been prepared for illustrative purposes only, in order to provide information about how the Transaction might have affected Shareholders had the Transaction been implemented on the dates indicated in the notes below. Because of its nature, the *pro forma* financial information may not fairly present UCS' financial position nor the effect and impact of the Transaction going forward.

The unaudited *pro forma* statement of comprehensive income and statement of financial position have been prepared using accounting policies that comply with International Financial Reporting Standards and that are consistent with those applied in the published audited results of UCS for the year ended 30 September 2010.

The Directors are responsible for the compilation, contents and preparation of the unaudited *pro forma* financial information contained in this Circular and for the financial information from which it has been prepared. Their responsibility includes determining that: the unaudited *pro forma* financial information has been properly compiled on the basis stated, the basis is consistent with the accounting policies of UCS, and the *pro forma* adjustments are appropriate for the purposes of the unaudited *pro forma* financial information disclosed in terms of the Listings Requirements.

The Independent Reporting Accountants' limited assurance report on the unaudited *pro forma* financial information relating to the Transaction is set out in Annexure 5 of this Circular.

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME

	Before the Transaction R'000	Disposal Entities earnings reversal R'000	Pro forma Adjustments R'000	Notes	After the Disposal and before the Unbundling R'000	The Unbundling R'000	After the Disposal and after the Unbundling R'000	Call Option R'000	After the Unbundling and Call Option is exercised R'000
CONTINUING OPERATIONS									
Revenue	1 321 070	(1 011 167)	72 987	2(a)	382 890	382 890	382 890		382 890
Profit from operations before interest, amortisation, depreciation, foreign exchange differences, impairments and research and development expenditure	201 654	(158 167)	222	2(b-d)	43 709	43 709	43 709		43 709
Amortisation of intangible assets	(26 611)	13 793			(12 818)	(12 818)	(12 818)		(12 818)
Depreciation of property, plant and equipment (including rental equipment)	(45 211)	26 843	661	2(c)	(17 707)	(17 707)	(17 707)		(17 707)
Foreign exchange differences	(8 221)	2 943	(99)	2(d)	(5 377)	(5 377)	(5 377)		(5 377)
Profit related to division disposed of in the prior year	12 443	(12 386)			57	57	57		57
Profit on disposal of equity interests in subsidiary companies	176		502 515	2(e)	502 691	502 691	502 691	(34 499)	468 192
Research and development expenditure	(14 801)	8 579			(6 222)	(6 222)	(6 222)		(6 222)
Profit before net finance charges and taxation	119 429	(118 395)	503 299	2(b-e)	504 333	504 333	504 333	(34 499)	469 834
Net finance charges	(4 670)	6 025			1 355	1 355	1 355		1 355
Finance charges	(13 835)	10 389			(3 446)	(3 446)	(3 446)		(3 446)
Investment revenues	9 165	(4 364)			4 801	4 801	4 801		4 801
Profit before taxation	114 759	(112 370)	503 299	2(b-e)	505 688	505 688	505 688	(34 499)	471 189
Taxation	(43 048)	32 199	(21 163)		(32 012)	(32 012)	(32 012)		(32 012)
Current	(42 811)	32 505	(21 163)	2(f-i)	(31 468)	(31 468)	(31 468)		(31 468)
Deferred	(237)	(306)			(543)	(543)	(543)		(543)
Profit for the year from continuing operations	71 711	(80 171)	482 136		473 676	473 676	473 676	(34 499)	439 177

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME (continued)

	Before the Transaction R'000	Disposal Entities earnings reversal R'000	Pro forma Adjustments R'000	Notes	After the Disposal and before the Unbundling R'000	The Unbundling R'000	After the Disposal and after the Unbundling R'000	Call Option R'000	After the Unbundling and Call Option is exercised R'000
DISCONTINUED OPERATIONS									
(Loss)/Profit for the year from discontinued operations	(22 104)	–			(22 104)		(22 104)		(22 104)
Profit for the year	49 607	(80 171)	482 137		451 573	–	451 573	(34 499)	417 074
<i>Attributable to:</i>									
Owners of the Company	39 642	(73 025)	482 137		448 754	–	448 754		414 255
Non-controlling interest	9 965	(7 146)	–		2 819	–	2 819		2 819
	49 607	(80 171)	482 137		451 573	–	451 573		417 074
Basic earnings per share (cents)	13,9				157,5		157,5		145,5
Headline basic earnings per share (cents)	16,2				(5,3)		(5,3)		(5,3)
Weighted average number of ordinary shares in issue ('000)	284 653				284 653		284 653		284 653

Notes and assumptions to the pro forma statement of comprehensive income:

The following adjustments have been made in the calculation of the *pro forma* statement of comprehensive income and the effect on earnings per share and headline earnings per share:

- The *pro forma* statement of comprehensive income takes into account the audited statements of comprehensive income for UCS and the Disposal Entities for the twelve months ended 30 September 2010 and that the Disposal and Unbundling took place on 1 October 2009.
- The calculations take into account the following adjustments and related assumptions:
 - The reversal of inter-company revenue eliminations between the Disposal Entities and the remaining subsidiary companies in UCS
 - The reversal of inter-company profits earned by a subsidiary company of UCS, on software and implementation services, capitalised by certain of the Disposal Entities
 - The reversal of the re-allocation of depreciation on property, plant and equipment to cost of sales attributable to UCS Technology Services on de-consolidation of the Disposal Entities

d. The reversal of foreign exchange related adjustments on inter-company eliminations

784

(661)

99

222

PRO FORMA STATEMENT OF COMPREHENSIVE INCOME (continued)

R'000

e. A total purchase consideration of R706.3 million comprising:	
– 101 243 118 new BCG ordinary shares valued at the volume weighted average traded price of BCG on the JSE Limited for the 30 trading days ended Monday, 13 December 2010 being R6,68 per BCG share	
– The receipt of the Purchase Consideration Balance assuming the NPAT targets are met, before the costs associated with the execution of the Transaction and the delivery of the NPAT targets	
After the realisation of R104.7 million goodwill, the applicable profit on sale of the Disposal Entities pre-tax and estimated transaction costs	493 454
Estimated transaction costs, which are once-off in nature	(3 325)
The profit realised by UCS Solutions related to the disposal of the Enterprise Solutions Division excluded from the Transaction	12 386
	<hr/>
	502 515
f. STC relating to a pre-Effective Date dividend paid by Destiny E-Commerce	700
The reversal of the tax effect applicable to the profit realised by UCS Solutions reversed in 2e.	1 734
Provision for the estimated capital gains tax payable by UCS due to the de-grouping provision of section 45 of the Income Tax Act applicable to UCS Technology Services	18 729
	<hr/>
	21 163
g. On the basis the provisions of section 42 of the Income Tax Act are met, no CGT or STT shall be payable by UCS relating to the receipt of the Consideration Shares	
h. The application of section 46 of the Income Tax Act whereby UCS shall unbundle all of the BCG equity consideration received on the Disposal Transaction. Accordingly no CGT or STT will be payable by UCS on the Unbundling Transaction.	
i. Income tax, where applicable, based on a statutory rate of 28%.	
3. The effect of the Call Option not being exercised has been taken into account in the "After the Disposal and after the Unbundling" column. The Call Option column shows the effect of the Call Option being exercised and has been accounted for after the "After the Disposal and after the Unbundling" column as it is exercisable during the period commencing on the first anniversary of the Effective Date and terminating six months thereafter and will be deemed to be exercised by BCG upon the expiry of this period. Should the Call Option be exercised, <i>pro forma</i> earnings per share and diluted earnings per share after the Disposal and the Unbundling would be 145.5 cents and 143.0 cents per share, respectively, and there would be no effect on <i>pro forma</i> headline and diluted headline earnings per share.	

PRO FORMA STATEMENT OF FINANCIAL POSITION

	Disposal Entities	Before the Transaction	Disposal Entires and liabilities	Pro forma Adjustments	After the Disposal and before the Unbundling	The Unbundling	After the Disposal and after the Unbundling	After the Unbundling and Call Option is exercised
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
ASSETS				Notes				
Non-current assets	563 314	(213 544)	608 852		958 622	(676 304)	282 518	(34 499)
Property, plant & equipment (including rental equipment)	86 413	(48 668)	–		37 745		37 745	37 745
Intangible assets	156 817	(45 247)	2 718	2(a)	114 288		114 288	114 288
Goodwill	238 615	(109 095)	(104 669)	2(b)	24 851		24 851	24 851
Investments and loans receivable	41 888	(1 558)	710 803	2(c)	751 133	(676 304)	75 029	(34 499)
Finance lease receivables	6 645	–	–		6 645		6 645	6 645
Deferred taxation assets	32 936	(8 976)	–		23 960		23 960	23 960
Current assets	369 841	(238 619)	20 779		152 001	–	151 801	151 801
Inventories	47 249	(40 601)	–		6 648		6 648	6 648
Trade and other receivables	179 463	(126 934)	(96)	2(d)	52 433		52 233	52 233
Finance lease receivables	3 998	–	–		3 998		3 998	3 998
Current taxation assets	7 246	(445)	–		6 801		6 801	6 801
Cash and cash equivalents	131 885	(70 639)	20 875	2(e)	82 121		82 121	82 121
Total assets	933 155	(452 163)	629 631		1 110 624	(676 304)	434 319	(34 499)
EQUITY AND LIABILITIES								
Capital and reserves	513 812	(304 494)	701 415		910 732	(676 304)	234 428	(34 499)
Issued capital	33 453	(230 580)	230 580		33 453		33 453	33 453
Reserves	18 356	(8 150)	8 150		18 356		18 356	18 356
Retained earnings	434 294	(65 764)	476 626		845 155	(676 304)	168 851	(34 499)
Equity attributable to owners of the Company	486 103	(304 494)	715 356	2(f)	896 964	(676 304)	220 660	(34 499)
Non-controlling interest	27 709	–	(13 941)	2(g)	13 768		13 768	13 768

	Before the Disposal Entities	Disposal Entities	Pro forma Adjustments	After the Disposal and before the Unbundling	The Unbundling	After the Disposal and after the Unbundling	After the Unbundling and Call Option is exercised
	Transaction R'000	Before reversal of the assets and liabilities R'000	R'000	Unbundling R'000	Unbundling R'000	R'000	R'000
Non-current liabilities				69 417	–	69 417	69 417
Borrowings	114 583	(66 243)	21 077	69 417	–	69 417	69 417
Deferred taxation liabilities	88 227	(45 039)	7 000	50 188	2(h)	50 188	50 188
Deferred revenue	15 356	(21 204)	14 077	8 229	2(i)	8 229	8 229
	11 000	–	–	11 000		11 000	11 000
Current liabilities				130 474		130 474	130 474
Trade and other payables	304 760	(81 425)	(92 861)	130 474		130 474	130 474
Borrowings	230 144	(158 452)	–	71 692		71 692	71 692
UCS Group company loans	50 670	(28 130)	–	22 540		22 540	22 540
Current taxation liabilities	–	111 731	(111 731)	–	2(j)	0	0
Deferred revenue	6 390	(4 950)	18 870	20 310	2(k)	20 310	20 310
	17 556	(1 624)	–	15 932		15 932	15 932
Total equity and liabilities	933 155	(452 162)	629 631	1 110 624	(676 304)	434 319 (34 499)	399 820
Net asset value per share (cents)	170,3			314,2		77,2	65,2
Tangible net asset value per share (cents)	31,8			265,5		28,5	16,5
Ordinary shares in issue net of treasury shares held ('000)	285 356			285 356		285 356	285 356

Notes and assumptions to the pro forma statement of financial position:

The following adjustments have been made in the calculation of the pro forma statement of financial position and the net asset value and net tangible asset value in the financial effects:

1. The pro forma statement of financial position takes into account the audited statement of financial position for UCS and the Disposal Entities for the twelve months ended 30 September 2010 and is based on the assumption that the Disposal and Unbundling took place on 30 September 2010.
2. The calculations further take into account:
 - a. The reversal of inter-company elimination of intangible assets acquired by certain of the Disposal Entities and UCS subsidiary companies
 - b. The realisation of goodwill attributable to the Disposal Entities
 - c. – 101 243 118 new BCG ordinary shares valued at the volume weighted average traded price of BCG on the JSE Limited for the 30 trading days ended Monday, 13 December 2010 being R6,68 per BCG share
 - Reversal of elimination of inter-company loan owing by Destiny E-Commerce on deconsolidation not included in the sale claims acquired by BCG

	R'000
d. Trade receivables associated with Destiny E-Commerce included in the Transaction related to the Pre-effective date Restructuring	
e. Pre-effective date restructuring comprising a dividend payable by Destiny E-Commerce of R4.9 million, net of non-controlling interests, and loan account repayments totalling R20 million	24 900
Estimated transaction costs, which are once-off in nature	(3 325)
STC relating to a pre-Effective Date dividend paid by Destiny E-Commerce	(700)
	20 875
f. The net effect of equity attributable to owners of the Company, reconciled as follows:	
– The Disposal Entities share capital, share premium and reserves	304 495
– The applicable profit on sale of the Disposal Entities through profit and loss	410 861
	715 356
g. The realisation of non-controlling interests in Destiny E-Commerce on de-consolidation	
h. Borrowings assumed by UCS from Accsys related to the Pre-effective date Restructuring	
i. Deferred taxation balances associated with Destiny E-Commerce included in the Transaction related to the Pre-effective date restructuring	
j. The reversal of inter-company loans on de-consolidation	
k. Provision for the estimated CGT payable by UCS due to the de-grouping provision of section 45 of the Income Tax Act applicable to UCS Technology Services	18 728
Normal taxation balances associated with Destiny E-Commerce included in the Transaction related to the Pre-effective date Restructuring	142
	18 870
3. To take into account the effect of the proposed Unbundling, based on 101 243 118 new BCG ordinary shares valued at the volume weighted average traded price of BCG on the JSE for the 30 trading days ended Monday, 13 December 2010 being R6.68 per BCG share, being unbundled to UCS Shareholders	
4. The effect of the Call Option not being exercised has been taken into account in the "After the Disposal and after the Unbundling" column. The Call Option column shows the effect of the Call Option being exercised and has been accounted for after the "After the Disposal and after the Unbundling" column as it is exercisable during the period commencing on the first anniversary of the Effective Date and terminating six months thereafter and will be deemed to be exercised by BCG upon the expiry of this period. Should the Call Option be exercised, <i>pro forma</i> net asset value and tangible net asset value per share after the Disposal and Unbundling would be 65.2 cents and 16.5 cents per share respectively.	

DETAILS OF MATERIAL INTEREST BEARING BORROWINGS

As at 30 September 2010, the details of material loans, made to UCS and any of its subsidiaries are as follows:

Name of lenders	Secured or Unsecured	Date on which loan was made	Period of the loan	Amount	Terms and conditions of repayment or renewal	Purpose of the loan	Interest rate	Details of security provided (if any)	Conversion or redemption rights	If repayable within 12 months, how the repayments are to be financed
Nedbank Limited	Secured	1 September 2008	60 months	R34 787 842	Repayable monthly over 60 installments, the final installment payable on 1 September 2013	Acquisition finance	Prime less 2%	Secured by cession of debtors and limited UCS suretyships of R52 million in favour of Nedbank Limited	N/a	Internal cash reserves
Nedbank Limited	Secured	1 March 2008	60 months	R28 143 013	Repayable monthly over 60 installments, the final installment payable on 1 March 2013	Medium term loan to fund Argility Limited's working capital requirement post 2007 unbundling	Prime less 2%	Secured by cession of debtors and limited UCS suretyships of R50 million in favour of Nedbank Limited	N/a	Internal cash reserves
Nedbank Limited	Secured	Last loan provided in December 2007	60 months	R16 868 437	Repayable monthly, the final installment payable on 1 January 2013	Acquisition finance	Prime less 2%	Secured by cession of debtors and limited UCS suretyships of R52 million in favour of Nedbank Limited	N/a	Internal cash reserves

Name of lenders	Secured or Unsecured	Date on which loan was made	Period of the loan	Amount	Terms and conditions of repayment or renewal	Purpose of the loan	Interest rate	Details of security provided (if any)	Conversion or redemption rights	If repayable within 12 months, how the repayments are to be financed
IBM Global	Secured	Various asset based finance loans	36 months	R14 512 921	Repayable quarterly	Asset based finance	Variable between 10.04% and 15.56%	Secured by computer and other equipment	N/a	Internal cash reserves
Merchant West Asset Finance (Pty) Limited ("Merchant West")	Secured	Various asset based finance loans	60 months	R12 870 032	Repayable monthly	Asset based finance	Variable between 10% and 13.25%	Secured by computer equipment and limited UCS suretyships of R14.7 million in favour of Merchant West	N/a	Internal cash reserves

Notes:

There has been no change in the information above since 30 September 2010 and the Last Practicable Date other than the instalment repayments and further asset based finance of R7 million obtained from Merchant West, on the same terms and conditions as the finance in place on 30 September 2010 as disclosed above, which was secured by a further R5 million in computer equipment and limited UCS suretyships in favour of Merchant West.

FAIRNESS OPINION BY THE INDEPENDENT PROFESSIONAL EXPERT

"The Directors
UCS Group Limited
20th Floor
209 Smit Street
Braamfontein
2001

3 March 2011

Dear Sirs

EXTERNAL ADVISOR'S OPINION TO THE SHAREHOLDERS OF UCS GROUP LIMITED ("UCS") REGARDING THE PROPOSED DISPOSAL BY UCS OF CERTAIN OF ITS SUBSIDIARIES TO BUSINESS CONNEXION GROUP LIMITED ("BCG")**Introduction**

UCS and BCG entered into a sale of shares and claims agreement on 14 December 2010, in terms of which UCS will dispose of its shares in and claims against certain of its subsidiaries to BCG in exchange for shares in BCG and cash and thereafter unbundle the BCG shares to shareholders of UCS, as detailed below.

The disposal and the unbundling are collectively referred to as the Transaction. Details of the Transaction were published on the Securities Exchange News Service ("SENS") of the JSE Limited ("JSE") on 15 December 2010.

Under the agreement UCS will sell, as one indivisible transaction, its 100% shareholdings in UCS Solutions (Pty) Ltd ("UCS Solutions"), CEB Maintenance Africa (Pty) Ltd ("CEB"), UCS Technology Services (Pty) Ltd ("UCS Technology"), and Accsys (Pty) Ltd ("Accsys"), and its 70% shareholding in Destiny Electronic Commerce (Pty) Ltd ("Destiny E-Commerce") (collectively "the Sale Shares"), together with its claims against CEB, UCS Technology and Accsys (collectively "the Sale Claims"). The Sale Shares and the Sale Claims are collectively referred to as the Sale Equity. The above five companies are referred to hereafter as the Disposal Entities and the disposal of the Sale Equity is referred to as the Disposal. UCS will also grant to BCG an option to acquire the Destiny E-Commerce Sale Claims (or the remaining portion thereof) for a purchase consideration of R1,00 ("the Call Option").

The purchase consideration payable by BCG for the Sale Equity comprises 101 243 118 new BCG ordinary shares, to be issued at a 30 day VWAP at 30 September 2010 of 577 cents per share, being an aggregate issue price of R584 172 791 (the "Consideration Shares"), together with a net maximum earn out amount of R10 million, payable in cash in November 2011, subject to achievement of an agreed target net profit after tax of the Disposal Entities for the year ended 30 September 2011.

In terms of the agreement, UCS is required to unbundle the Consideration Shares to its shareholders, in terms of section 90 of the Companies Act. No 61 of 1973, as amended ("the Act"), on the Unbundling Date.

The Transaction is subject to a number of conditions precedent, including approval by a requisite majority of UCS shareholders at a general meeting. Full details of the Transaction are contained in a circular to shareholders of UCS ("the Circular") dated on or about 9 March 2011, of which this letter forms part.

Scope

The Disposal will result in UCS selling or distributing the greater part of its assets as contemplated in section 228 of the Act and will, therefore, be deemed to be an affected transaction in terms of the Securities Regulation Code on Takeovers and Mergers and the Rules of the Securities Regulation Panel ("the SRP Code"). In terms of Rule 3 of the SRP Code, the UCS Board is required to obtain appropriate external advice on the

Disposal as to how it affects UCS shareholders, including minority shareholders, and the substance of such advice shall be made known to all shareholders. The SRP has granted a dispensation in terms of which it is not required that the external advice should extend to the subsequent Unbundling.

Accordingly, the UCS Board has appointed the Corporate Finance division of Deloitte & Touche to provide the required external advice. It is established practice that the advice is communicated to shareholders in terms of whether the Disposal is fair and reasonable to shareholders and this report is prepared for that purpose.

Our assessment of fairness is primarily based on a quantitative assessment. We compared the fair value of the purchase consideration to the fair market value of the Sale Equity. The Disposal would be considered fair to UCS shareholders if the fair market value of the purchase consideration offered were equal to or exceeded the fair market value of the Sale Equity.

The reasonableness of any transaction, however, is based on a consideration of qualitative factors. It is possible for a transaction, therefore, to be unfair but nevertheless reasonable or *vice-versa*, after taking significant qualitative factors into account. Qualitative factors add to or detract from the attractiveness of a transaction but, by their nature, are not quantifiable with any degree of accuracy.

Information utilised and procedures carried out

In arriving at our opinion we have considered information from the following sources and we have undertaken the following procedures:

- the sale of shares and claims agreement between UCS and BCG dated 14 December 2010
- the UCS announcement on SENS dated 15 December 2010
- the Circular
- information on UCS and the Disposal Entities and on BCG, including the history, nature of business, products and services, key customers and competitor activity, provide to us by management of UCS and BCG respectively
- audited financial information of UCS and BCG for the 2005 to 2010 financial years and financial information of the Disposal Entities for the 2008 to 2010 financial years
- unaudited management accounts of UCS and the Disposal Entities up to 31 December 2010
- forecast financial information of UCS and the Disposal Entities for the 2011 financial year, prepared by management
- forecast financial information of BCG for the 2011 financial year, prepared by management
- analysts' reports on UCS and BCG and the industry in which they operate
- information from Mergermarket on multiples implied in historic comparable transactions in the sector in which BCG and UCS operate
- published market data on UCS, BCG and its peer companies listed on the JSE
- interviews and correspondence with management of UCS and BCG

Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, including publicly available information, whether in writing or obtained in discussion with management and directors of UCS and BCG.

Our approach to considering the Disposal

In considering the Disposal we performed independent indicative valuations of the purchase consideration (consisting of BCG shares and cash), the Sale Equity, and the ordinary shares of BCG. In valuing the BCG shares and the Sale Equity, we have used both the market and income approaches.

Under the market approach we performed indicative valuations of the shares, using enterprise value to earnings before interest, tax, depreciation and amortisations ("EBITDA") ("EV/EBITDA") multiples. We formed our estimates of sustainable EBITDA by examining the 2010 EBITDA and the 2011 projected EBITDA, non-recurring or unusual items, and considering historic and projected revenues, costs and margins. In making our assessment of appropriate EV/EBITDA multiples we examined the multiples implied in recent comparable transactions and the multiples of listed peers on the JSE operating in the same sector, and we made adjustments to those multiples for differences in size, diversity of operations, and historical growth rates relative to our subject companies.

Sustainable EBITDA is sensitive to gains or losses of material contracts. Sustainable EBITDA is also sensitive to material changes in revenue, as major costs in the businesses are fixed in nature and losses in revenue can have a major impact on EBITDA. The key external value drivers considered relate to the rate of economic growth and inflation in South Africa, and hence the expected level of spending in Information and Communication Technology services and products.

Under the income approach we performed indicative valuations of the shares through a discounted cash flow ("DCF") analysis. The DCF was performed using the 2011 financial projections supplied to us by management, from which we constructed five year forecasts, driven by key assumptions, which we discussed with management. We reviewed the assumptions underlying the financial projections and considered the sensitivity of the valuation to changes in key assumptions. We applied appropriate growth assumptions beyond the five year periods to estimate continuing value and discounted the free cash flows at the weighted average costs of capital we considered appropriate in each case.

The key value drivers under the income approach are revenue growth rates, free cash flow generation, the continuing value growth rate and the weighted average cost of capital applied.

We compared the results from our two valuation approaches and concluded on fair market valuation ranges at the enterprise levels. We adjusted for non-operating assets and liabilities, cash and debt to arrive at fair market value ranges for the shareholders' equity. Further, we considered the terms and conditions of sale of shares and claims agreement between UCS and BCG and made adjustments to our indicative valuations, where necessary, to allow for particular arrangements agreed between the parties, such as the de-grouping tax liability and the Call Option, both of which are referred to in the Circular.

This valuation information enabled us to compare the fair market value of the Purchase Consideration to the fair market value of the Sale Equity.

Indicative valuation results

The results of our valuations indicate that the fair market value range of the purchase consideration exceeds the fair market value range of the Sale Equity. As part of the purchase consideration, UCS will receive approximately 101,2 million new BCG ordinary shares, whereas our valuations indicate that the required number of new BCG shares ranges from 91 million to 99 million.

Qualitatively, we expect that the Disposal Entities will enjoy enhanced prospects as part of the enlarged BCG, as a result of a superior Broad Based Black Economic Empowerment ("BBBEE") rating, access to markets in the rest of Africa, and a lower cost of capital. In addition, BCG should benefit from the cross selling opportunities arising between the existing BCG client base and the client base of the Disposal Entities. We also expect that due to the increased market capitalisation of BCG and the greater number of shares in issue, the liquidity of the BCG share will improve and that the share is likely to attract more interest from investors.

Opinion

Based on the information considered, our indicative valuation results, and the qualitative factors considered above, we are of the opinion that the terms and conditions of the Disposal are fair and reasonable to the shareholders of UCS.

Our opinion is based upon the market, regulatory and trading conditions as they currently exist and can only be evaluated as at the date of this letter. It should be understood that subsequent developments may affect our opinion, which we are under no obligation to update, revise or re-affirm.

An individual shareholder's decision may be influenced by his or her particular circumstances. Our fairness opinion does not purport to cater for each shareholder's circumstances, but rather the general body of shareholders taken as a whole. Should a shareholder be in any doubt as to what action to take, he or she should consult an independent advisor.

Limiting conditions

Forecasts relate to uncertain future events and are based on assumptions, which may not remain valid for the whole of the forecast period. Consequently, forecast financial information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to projections made by the management of UCS and made available to us during the course of our review.

Our procedures and enquiries did not constitute an audit in terms of International Standards on Auditing. Accordingly, we cannot express an audit opinion on the financial data or other information used in arriving at our opinion.

Independence

Deloitte & Touche is appointed as the independent auditor to UCS. We confirm that we have no financial interest in UCS, BCG or the Transaction. Furthermore, we confirm that our professional fees are not contingent upon the success of the Transaction.

We confirm that the scope of our procedures and work performed were not subject to any limiting conditions.

Consent

We hereby consent to the inclusion of this letter, and references thereto, in the form and context in which they appear in the Circular.

Yours faithfully

D McDuff

Partner

Deloitte & Touche

Corporate Finance

Registered Auditors

Woodlands Drive

Woodmead

Sandton

2196

National Executive: G G Gelink Chief Executive, A E Swiegers Chief Operating Officer, G M Pinnock Audit, D L Kennedy Risk Advisory, N B Kader Tax & Legal Services, L Geeringh Consulting, L Bam Corporate Finance, J K Mazzocco Human Resources, C R Beukman Finance, T J Brown Clients, N T Mtoba Chairman of the Board, M J Comber Deputy Chairman of the Board.

A full list of partners and directors is available on request"

TABLE OF ENTITLEMENT BASED ON THE PROVISIONAL UNBUNDLING ENTITLEMENT RATIO

The provisional number of BCG Shares to which Shareholders will be entitled in terms of the Unbundling is set out below. The Provisional Unbundling Entitlement Ratio is based on Minimum Consideration Shares of 101 243 118 and 288 422 658 Shares in issue and 8 590 170 outstanding unexercised options in respect of the Share Schemes at the Last Practicable Date.

UCS ordinary shares held		UCS ordinary shares held		UCS ordinary shares held		UCS ordinary shares held	
Entitlement		Entitlement		Entitlement		Entitlement	
1	0	41	14	81	28	2 200	750
2	1	42	14	82	28	2 300	784
3	1	43	15	83	28	2 400	818
4	1	44	15	84	29	2 500	852
5	2	45	15	85	29	2 600	886
6	2	46	16	86	29	2 700	920
7	2	47	16	87	30	2 800	954
8	3	48	16	88	30	2 900	989
9	3	49	17	89	30	3 000	1 023
10	3	50	17	90	31	3 100	1 057
11	4	51	17	91	31	3 200	1 091
12	4	52	18	92	31	3 300	1 125
13	4	53	18	93	32	3 400	1 159
14	5	54	18	94	32	3 500	1 193
15	5	55	19	95	32	3 600	1 227
16	5	56	19	96	33	3 700	1 261
17	6	57	19	97	33	3 800	1 295
18	6	58	20	98	33	3 900	1 329
19	6	59	20	99	34	4 000	1 363
20	7	60	20	100	34	4 100	1 398
21	7	61	21	200	68	4 200	1 432
22	7	62	21	300	102	4 300	1 466
23	8	63	21	400	136	4 400	1 500
24	8	64	22	500	170	4 500	1 534
25	9	65	22	600	205	4 600	1 568
26	9	66	22	700	239	4 700	1 602
27	9	67	23	800	273	4 800	1 636
28	10	68	23	900	307	4 900	1 670
29	10	69	24	1 000	341	5 000	1 704
30	10	70	24	1 100	375	10 000	3 409
31	11	71	24	1 200	409	100 000	34 087
32	11	72	25	1 300	443	1 000 000	340 871
33	11	73	25	1 400	477	10 000 000	3 408 712
34	12	74	25	1 500	511	100 000 000	34 087 120
35	12	75	26	1 600	545	297 012 828	101 243 118
36	12	76	26	1 700	579		
37	13	77	26	1 800	614		
38	13	78	27	1 900	648		
39	13	79	27	2 000	682		
40	14	80	27	2 100	716		

INFORMATION FOR FOREIGN SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this Annexure.

1. DISTRIBUTION TO FOREIGN SHAREHOLDERS

The distribution of unbundled Consideration Shares to Foreign Shareholders, in terms of the Unbundling, may be affected by the laws of such Foreign Shareholder's relevant jurisdiction. Those Foreign Shareholders should consult their professional advisers as to whether they require any governmental or other consents or need to observe any other formalities to enable them to receive the unbundled Consideration Shares.

This Annexure sets out the restrictions applicable to UCS Shareholders who have registered addresses outside South Africa, who are nationals, citizens or residents of countries other than South Africa, or who are persons (including, without limitation, custodians, nominees and trustees) who have a contractual or legal obligation to forward this Circular to a jurisdiction outside South Africa or who hold Shares for the account or benefit of any such Foreign Shareholder.

It is the responsibility of any Foreign Shareholder (including, without limitation, nominees, agents and trustees for such persons) receiving this Circular and wishing to take up their entitlement to unbundled Consideration Shares to satisfy themselves as to full observance of the applicable laws of any relevant territory, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. Foreign Shareholders are obliged to observe the applicable legal requirements of their relevant jurisdictions.

Any Foreign Shareholder who is in doubt as to his position with respect to the Unbundling in any jurisdiction, including, without limitation, its tax status, should consult an appropriate professional adviser in the relevant jurisdiction without delay. In particular, Foreign Shareholders must take their own advice on whether they are entitled to beneficially hold any Consideration Shares unbundled and distributed to them and take the appropriate action in accordance with that advice.

Receipt of this Circular will not constitute an offer of unbundled Consideration Shares ("Offer") in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Circular if sent, will be sent for information only and should not be copied or redistributed. No person receiving a copy of this Circular in any territory, other than South Africa, may treat the same as constituting an offer to such person unless, in the relevant territory, such an offer could lawfully be made to such person without contravention of any registration or other legal requirements.

Accordingly, persons (including, without limitation, nominees, agents and trustees) receiving a copy of this Circular should not distribute or send the same to any person in, or citizen or resident of, or otherwise into any jurisdiction where to do so would, or might, contravene local securities laws or regulations. Any person who does distribute this Circular into any such territory (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this Annexure.

Foreign Shareholders in certain jurisdictions outside of South Africa may not be entitled to take transfer of any unbundled Consideration Shares. UCS reserves the right, but shall not be obliged, to treat as invalid any distribution of unbundled Consideration Shares, in terms of the Unbundling, which appears to UCS or its agents to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction or if UCS believes or its agents believe that the same may violate applicable legal or regulatory requirements.

An "excluded Foreign Shareholder" includes any Foreign Shareholder who is unable to receive any of the unbundled Consideration Shares to be distributed to him because of the laws of the jurisdiction of that Shareholder, or any Foreign Shareholder to whom UCS is not permitted to distribute any of the unbundled Consideration Shares because of the laws of the jurisdiction of that Shareholder. The unbundled Consideration Shares to which excluded Foreign Shareholders would be entitled in terms of the Unbundling may be aggregated and disposed of on the JSE by the Transfer Secretaries on behalf of and for the benefit of excluded Foreign Shareholders as soon as is reasonably practical after

the implementation of the Unbundling at the best price that can reasonably be obtained at the time of sale. CSDPs will be responsible for informing the Transfer Secretaries of all Dematerialised Shares held by them on behalf of such excluded Foreign Shareholders. The Transfer Secretaries will determine which certificated Foreign Shareholders are such excluded Foreign Shareholders.

Excluded Foreign Shareholders will, in respect of their entitlement to the unbundled Consideration Shares, receive the average consideration per unbundled Share (net of transaction and currency conversion costs). The average consideration per unbundled Share due to each excluded Foreign Shareholder will only be paid once all such unbundled Consideration Shares have been disposed of.

2. EXCHANGE CONTROL REGULATIONS

The unbundled Consideration Shares are not freely transferable from the Common Monetary Area and must be dealt with in terms of the Exchange Control Regulations. The following summary of the Exchange Control Regulations is not comprehensive and is intended as a guide only. In the event that UCS Shareholders have any doubts in respect of their obligations in terms of the Exchange Control Regulations, they should consult their professional advisers.

2.1 Emigrants from the Common Monetary Area

The unbundled Consideration Shares received by the UCS Shareholders who are emigrants from the Common Monetary Area and whose registered address is outside the Common Monetary Area will:

- in the case of Dematerialised Shares be credited to their blocked share accounts at the CSDP controlling their blocked portfolios; or
- in the case of Certificated Shareholders whose documents of title have been restrictively endorsed under the Exchange Control Regulations, be endorsed "Non-Resident" and will be sent to the Authorised Dealer in foreign exchange controlling their blocked assets.

2.2 All other non-residents of the Common Monetary Area

The unbundled Consideration Shares received by the UCS Shareholders who are non-residents of the Common Monetary Area and who have never resided in the Common Monetary Area and whose registered address is outside the Common Monetary Area will in the case of:

- Dematerialised Shareholders be credited to their share accounts at the CSDP controlling their portfolios; or
- Certificated Shareholders, whose documents of title have been restrictively endorsed under the Exchange Control Regulations, be deposited with an Authorised Dealer in foreign exchange in South Africa nominated by such UCS Shareholder. It will be incumbent on the UCS Shareholder concerned to nominate the Authorised Dealer and to instruct the nominated Authorised Dealer as to the disposal of the relevant shares. If the information regarding the Authorised Dealer is not given, the unbundled Consideration Shares will be held in trust for the UCS Shareholder concerned pending the receipt of the necessary information or instruction.

TAXATION CONSIDERATIONS REGARDING THE UNBUNDLING

The definitions and interpretations commencing on page 4 of this Circular apply *mutatis mutandis* to this Annexure.

The summary below is a general guide and is not intended to constitute a complete analysis of the fiscal consequences of the Unbundling provisions in terms of South African taxation law. It is not intended to be, nor should it be considered as legal or taxation advice. UCS and its advisers cannot be held responsible for the taxation consequences of the Unbundling and, therefore, Shareholders are advised to consult their own taxation advisers in this regard.

The Unbundling will be a distribution by UCS of its Consideration Shares to Shareholders. The distribution will be effected utilising the tax concessions provided for in section 46 of the Income Tax Act. Corporate roll-over relief will be afforded to UCS and Shareholders if the relevant requirements as set out in section 46 of the Income Tax Act are met. In order to meet these requirements, UCS must distribute its entire shareholding of Consideration Shares to Shareholders in accordance with the Provisional Unbundling Entitlement Ratio, the Consideration Shares must constitute more than 25% of the shares in BCG and no other shareholder may hold an equal or greater amount of equity shares in BCG at the time of the Unbundling. Given that the Consideration Shares to be distributed by UCS to Shareholders will constitute 25% of the entire issue share capital of BCG (including treasury shares) plus 1 BCG share, the relevant requirements to qualify for roll-over relief are likely to be met.

The concessions provided for in section 46 are outlined below:

1. DISPOSAL OF CONSIDERATION SHARES BY UCS

The distribution of Consideration Shares by UCS, in terms of the Unbundling, will be disregarded by UCS in determining its taxable income or assessed loss in the tax year that the unbundling takes place.

2. STC

The distribution of the Consideration Shares to Shareholders, in terms of the Unbundling, will be deemed not to be a dividend declared by UCS or a dividend received by a Shareholder who is a company in determining their respective STC liabilities. Consequently, no STC credits will be available to Shareholders as a result of the Unbundling.

3. SHARES HELD AS TRADING STOCK

Any Shareholder holding Shares as trading stock will be deemed to acquire the unbundled Consideration Shares as trading stock. The combined expenditure of such Shares and Consideration Shares will be the amount originally taken into account by the Shareholder in respect of the original Shares held by that Shareholder; as contemplated in section 11 (a), section 22(1) or section 22(2) of the Income Tax Act.

A Shareholder must determine the portion of the combined expenditure, as above, attributable to the Consideration Shares, as follows:

$$A = B \times [C / (C + D)]$$

where:

A = the expenditure of the Consideration Shares, to be determined;

B = the combined expenditure, as contemplated above;

C = the market value of the Consideration Shares received pursuant to the Unbundling as at the close of the day on the Unbundling Date; and

D = the market value of the Shares, in respect of which the Consideration Shares in C were received, as at the close of the day on the Unbundling Date.

A Shareholder must determine the portion of the combined expenditure attributable to the Shares contemplated in D above, as follows:

$$E = B - A$$

where:

E = the revised expenditure of the Shares, to be determined;

B = the combined expenditure, as contemplated above; and

A = the expenditure of the Consideration Shares, as determined above.

The expenditure to be allocated to the unbundled Consideration Shares will be determined by applying a specified ratio to the cost of the Shares. UCS will advise Shareholders of the specified ratio, being the result of $[C/(C+D)]$, as above, by way of an announcement to be released on SENS on or about the business day following the Unbundling Date.

Any expenditure allocated to the Consideration Shares must be deemed to have been incurred on the date that the expenditure was incurred in respect of the UCS Shares.

4. NEW BASE COSTS

Pursuant to the Unbundling, Shareholders must determine a new base cost for CGT purposes for the Shares as well as the Consideration Shares received in terms of the Unbundling. Effectively, the new base cost is determined in accordance with the ratio that the market value of the unbundled Consideration Shares, as at the close of the day on the Unbundling Date, bears to the sum of the market value, as at the end of that day, of the Shares and the Consideration Shares.

5. SHARES HELD AS CAPITAL ASSETS

Any Shareholder holding Shares as capital assets will be deemed to acquire the unbundled Consideration Shares as capital assets. The original expenditure incurred in respect of the Shares, in terms of paragraph 20 of the Eighth Schedule and (where applicable), the CGT valuation of the Shares, as contemplated in paragraph 29 of the Eighth Schedule to the Income Tax Act, will be apportioned between the Consideration Shares and the Shares, as follows:

$$A = B \times [C/(C+D)]$$

where:

A = the deemed expenditure and, where applicable, deemed CGT valuation of the Consideration Shares, to be determined;

B = each of the original expenditure incurred and, where applicable, CGT valuation of the Shares, in respect of which the Consideration Shares in C were received prior to Unbundling;

C = the market value of the Consideration Shares received pursuant to the Unbundling as at the close of the day on the Unbundling Date; and

D = the market value of the Shares, in respect of which the Consideration Shares in C were received, as at the close of the day on the Unbundling Date.

A Shareholder must determine the portion of the original expenditure incurred in respect of the Shares and (where applicable) the CGT valuation of the Shares, contemplated in D above, attributable to the Consideration Shares, as follows:

$$E = B - A$$

where:

E = the revised expenditure and, where applicable, the revised CGT valuation of the Shares, to be determined;

B = each of the original expenditure incurred and, where applicable, CGT valuation of the Shares, in respect of which the Consideration Shares in "C" above were received; and

A = the deemed expenditure and, where applicable, deemed CGT valuation of the Consideration Shares, as determined above.

UCS will advise Shareholders of the specified ratio, being the result of $[C/(C+D)]$, as above, by way of an announcement to be released on SENS on or about the business day following the Unbundling Date. The base cost to be allocated to the unbundled Consideration Shares will be determined by applying a specified ratio to the base cost of the Shares.

The base cost so allocated to the unbundled Consideration Shares will reduce the base cost of the Shares held, thus allocating the base cost between the Shares and the unbundled Consideration Shares.

Shareholders will be deemed to have acquired the unbundled Consideration Shares on the date on which the Shares were originally acquired.

Any expenditure allocated to the Consideration Shares must be deemed to have been incurred on the date that the expenditure was incurred in respect of the Shares.

6. STT

The transfer of the Consideration Shares will not be subject to STT in terms of section 8(l)(a) of the Securities Transfer Tax Act (25 of 2007), given the fact that the public officer of UCS will make a sworn affidavit that the transfer of the Consideration Shares complies with the provisions of section 46 of the Income Tax Act.

7. NON-RESIDENT SHAREHOLDERS

UCS has not attempted to qualify the Unbundling as a tax-free transaction to Shareholders in terms of the rule of any jurisdiction other than South Africa. Accordingly, the Unbundling may constitute a taxable transaction in any other such jurisdiction. Therefore, Shareholders who are non-resident for tax purposes in South Africa are advised to consult their own professional tax advisers regarding the tax treatment of the Unbundling in their respective jurisdictions, having regard to the tax laws in their jurisdiction and any applicable double tax conventions between South Africa and their country of residence.



UCS Group Limited

Incorporated in the Republic of South Africa

(Registration number 1993/002253/06)

JSE code: UCS ISIN: ZAE000016150

("UCS" or "the Company")

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of the Company's shareholders will be held at 15:00 on Thursday, 31 March 2011 at the registered office of the Company at 20th Floor, 209 Smit Street, Braamfontein, Johannesburg ("General Meeting") to consider and, if deemed fit, pass, with or without modification, the special and ordinary resolutions set out below:

Special Resolution Number 1 – Approval of the disposal by the Company of all shares in and claims held by the Company against certain of its subsidiaries in terms of the Companies Act 1973 (Act 61 of 1973), as amended by the Corporate Laws Amendment Act, 2007 ("the Act") and the JSE Limited Listings Requirements ("Listings Requirements")

"RESOLVED THAT, by way of a specific approval in terms of section 228(1) of the Act, and in accordance with the provisions of the Listings Requirements as a category 1 transaction, UCS shareholders ("Shareholders") hereby approve the sale of all the shares held by UCS in the subsidiaries Accsys (Proprietary) Limited ("Accsys"), CEB Maintenance Africa (Proprietary) Limited ("CEB Maintenance"), Destiny Electronic Commerce (Proprietary) Limited ("Destiny E-Commerce"), UCS Solutions (Proprietary) Limited ("UCS Solutions") and UCS Technology Services (Proprietary) Limited ("UCS Technology Services"), and the sale of the claims in Accsys, CEB Maintenance, UCS Solutions and UCS Technology Services to Business Connexion Group Limited ("BCG") upon the terms (including the call option in respect of the Destiny E-Commerce sale claim referred to in clause 28 of the agreement and referred to in paragraph 2.13 of this Circular) of the agreement entered into between UCS and BCG dated 14 December 2010 ("the Disposal") and any addendums thereto."

Reason and effect of Special Resolution Number 1

The reason for Special Resolution Number 1 is that section 228 of the Act requires that a special resolution be passed by Shareholders in order to dispose of the whole or greater part of the Company's assets or undertaking. The effect of Special Resolution Number 1 is to obtain of the requisite Shareholder approval in order that the whole or greater part of the Company's assets may be sold.

Special Resolution Number 2 – Approval of the unbundling in terms of the Act and the Listings Requirements

"RESOLVED THAT, subject to the adoption of Special Resolution Number 1, the Company be and is hereby authorised to distribute to Shareholders, registered as such on the unbundling record date (which provisional date is set out in the "salient dates and times" section on page 3 of this Circular), *pro rata* to their respective holdings of UCS ordinary shares ("Shares") on the unbundling record date, the BCG ordinary shares received as consideration for the Disposal ("Consideration Shares") as:

1. Contemplated in section 228 of the Act,
2. An unbundling transaction contemplated in section 46 of the Income Tax Act;
3. Permitted by section 90 of the Act; and
4. Contemplated in Rule 5.87 of the Listings Requirements."

Reason and effect of Special Resolution Number 2

Section 228 of the Act requires that a special resolution be passed by Shareholders in order that the whole or greater part of the Company's assets or undertaking can be disposed of. The reason for and effect of Special Resolution Number 2 is to obtain the requisite Shareholder approval to implement the unbundling by the Company to Shareholders of the BCG ordinary shares received as consideration for the Disposal, in terms of section 90 and section 228 of the Act, section 46 of the Income Tax Act and Rule 5.87 of the Listings Requirements.

Ordinary Resolution Number 1 – Approval of the payment to Shareholders

"RESOLVED THAT, subject to the implementation of the special resolutions above, the Company be and is hereby authorised to distribute in *specie*, the Consideration Shares to Shareholders *pro rata* to their holding of Shares and as an "unbundling transaction" as contemplated in section 46 of the Income Tax Act and as a "specific payment" as contemplated by section 5.87 of the Listings Requirements."

Ordinary Resolution Number 2 – Authority for director's and company secretary to sign and act

"RESOLVED THAT any director and/or the company secretary of the Company be and is hereby authorised to sign all such documents and do all such other acts as may be necessary to implement the resolutions above."

VOTING AND PROXIES

On a show of hands, every Shareholder of the Company who (being an individual) is present in person or by proxy at the General Meeting or which (being a company or body corporate) is represented thereat by a representative appointed pursuant to section 188 of the Act, shall have one vote and, on a poll, every Shareholder of the Company present in person (whether an individual or a company or other body corporate) or represented by proxy at the General Meeting, shall have one vote for each Share of which they are the registered holder.

A Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as their proxy to attend, speak and, subject to the articles of association of UCS, vote in their stead. A proxy need not also be a Shareholder of the Company.

Holders of certificated shares, and holders of dematerialised shares who have elected "own-name" registration in the sub-register through a Central Securities Depository Participant ("CSDP"), who are unable to attend the General Meeting but wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions contained therein so as to be received by the transfer secretaries by no later than 15:00 on Tuesday, 29 March 2011.

Holders of dematerialised shares must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between such Shareholders and their CSDP or broker, should such Shareholder wish to be represented thereat. Such Shareholders who wish to attend the General Meeting must request their CSDP or broker to provide them with the necessary letter of representation to attend and vote their shares.

Treasury shares (if any) will not have their votes taken into account for the purposes of resolutions above.

By order of the board

Corporate Governance CC

Chartered Secretaries

Wednesday, 9 March 2011

Registered office

UCS Group Limited
20th Floor
209 Smit Street
Johannesburg, 2001
(PO Box 31266, Braamfontein, 2017)

Transfer Secretaries

Link Market Services South Africa (Proprietary) Limited
16th Floor
11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)



UCS Group Limited

Incorporated in the Republic of South Africa

(Registration number 1993/002253/06)

JSE code: UCS ISIN: ZAE000016150

("UCS" or "the Company")

FORM OF PROXY

For use regarding the General Meeting

The definitions and interpretations commencing on page 4 of this Circular to which this Form of Proxy is attached, apply *mutatis mutandis* to this Form of Proxy.

FOR HOLDERS OF CERTIFICATED SHARES AND HOLDERS OF DEMATERIALISED SHARES WHO HAVE ELECTED "OWN-NAME" REGISTRATION

who wish to vote on the Resolutions set out in this Circular, to which this form is attached, at the General Meeting to be held at 20th Floor, 209 Smit Street, Braamfontein, Johannesburg at 15:00 on Thursday, 31 March 2011.

I/We (Full name in print)

of (address)

Telephone: (Work) area code ()

Telephone: (Home) area code ()

being the holder of Shares in the Company, hereby appoint (see note 1):

1. _____ or failing him/her;
2. _____ or failing him/her;

3. the chairperson of the General Meeting,

as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting which will be held 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 or against such Resolutions or to abstain from voting in respect of the Shares registered in my/our name/s, in accordance with the following instruction (see note 2):

	For	Against	Abstain
Special Resolution Number 1 Approval of the Disposal in terms of the Companies Act and the Category 1 transaction in terms of the Listings Requirements			
Special Resolution Number 2 Approval of the Unbundling in terms of the Companies Act and the Listings Requirements			
Ordinary Resolution Number 1 Approval of the payment to Shareholders			
Ordinary Resolution Number 2 Any director of the Company or company secretary be and is hereby authorised to sign all such documents and do all such other acts as may be necessary to implement the Resolutions above.			

Please indicate with an "X" or the relevant number of votes in the relevant spaces above according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Shares than you own in the Company, insert the number of Shares held in respect of which you desire to vote (see note 2).

Signed at _____ on _____ 2011

Signature _____ Authority of signatory to be attached (see notes 5 and 6)

Assisted by (where applicable)

Only Certificated Shareholders or Dematerialised Shareholders with "own-name" registration who are entitled to attend and vote at the General Meeting and at any adjournment thereof may appoint one or more proxies to attend, speak and vote in place of such Shareholder. A proxy so appointed need not be a Shareholder of the Company.

Please read the notes on the reverse side hereof.

Notes:

1. A holder of Certificated Shares or Dematerialised Shares who has elected "own-name" registration in the sub-register through a CSDP may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided, with or without deleting "the chairperson of the General Meeting", but any such deletion must be signed in full by the Shareholder concerned. The person whose name appears first on this Form of Proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is inserted in the spaces provided, the chairperson shall be deemed to be appointed as the proxy to vote in the manner indicated in the form and if no clear indication is made, to vote in favour of the proposed resolution.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of Shares than you own in the Company, insert the number of Ordinary Shares held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he deems fit in respect of all the Shareholder's votes exercisable thereat, provided that in the case of the chairperson, the chairperson shall be required to vote in favour of the resolution. A Shareholder or his proxy is not obliged to use all the votes exercisable by the Shareholder or by his proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the Shareholder or by his proxy.
3. The date must be filled in on this Form of Proxy when it is signed.
4. The completion and lodging of this Form of Proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Where there are joint holders of Shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.
5. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity must be attached to this Form of Proxy unless previously recorded by the Transfer Secretaries or waived by the chairperson of the General Meeting.
6. Where this Form of Proxy is signed under power of attorney, such power of attorney must accompany this Form of Proxy unless it has previously been registered with the Company or the Transfer Secretaries.
7. A vote given in accordance with the terms of a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given, provided that notification in writing of such death, insanity or revocation shall have been received by the Company by no later than one hour before the commencement of the General Meeting at which the proxy is to be used.
8. Where Shares are held jointly, all joint holders are required to sign this Form of Proxy.
9. Any alterations or corrections made to this Form of Proxy must be signed in full and not only initialled by the signatories.
10. A minor must be assisted by his parent or guardian unless the relevant documents establishing his legal capacity are produced or have been registered by the Transfer Secretaries.
11. The chairperson of the General Meeting may accept or reject any Form of Proxy, in his absolute discretion, which is completed other than in accordance with these notes.
12. If required, additional Forms of Proxy are available from the Transfer Secretaries of the Company.
13. Forms of Proxy must be received by the Transfer Secretaries, of which details are set out in the "Corporate Information" section of this Circular, by no later than 15:00 on Tuesday, 29 March 2011.

