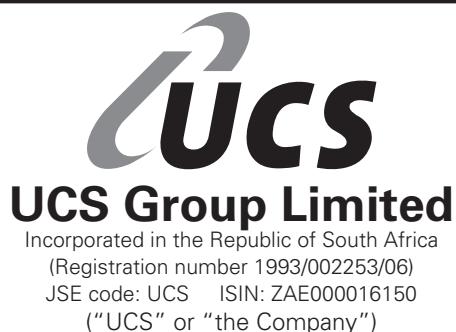


THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 9 of this Circular apply throughout this Circular, including these cover pages (unless the context indicates otherwise).

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 advisor immediately.
- If you have disposed of all or any of your Shares, 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 Shareholders

regarding:

- **a scheme of arrangement in terms of section 114(1)(f) of the Companies Act, being a combination of the methods contemplated in sections 114(1)(c) and 114(1)(e) of the Companies Act, proposed by the Board between UCS and its Shareholders, in terms of which, if implemented, UCS will re-acquire all of the Scheme Shares for a cash consideration of 55 cents per Share;**
- **the proposed name change of UCS from UCS Group Limited to Capital Eye Investments Limited;**
- **the delisting of the Shares from the exchange operated by the JSE;**
- **the authorisation for financial assistance by the Company in terms of section 45 of the Companies Act; and**
- **approval for the remuneration of Directors for their services as directors;**

and incorporating:

- **a notice convening the General Meeting;**
- **a Form of Proxy (*white*) in respect of the General Meeting (for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only); and**
- **a Form of Election (*blue*) (for use by Certificated Shareholders only who wish to make the Continuation Election and/or who wish to make the Exit Election in respect of some or all of their Shares and those who fall under the Default Position).**

Please take careful note of the Default Position. In terms of the Scheme, if you do not validly make the Continuation Election and/or the Exit Election or should you fail to validly make the Continuation Election, you will be deemed to have made the Exit Election in respect of all of your Shares and the Company will re-acquire all your Shares by way of expropriation if the Scheme becomes operative.

Date of issue: Monday, 22 August 2011

This Circular is only available in English. Copies of this Circular may be obtained during normal business hours from the registered office of UCS and the Transfer Secretary at their respective addresses set out in the "Corporate Information" section of this Circular from the date of issue hereof until the date of the General Meeting.

Corporate Advisor and Sponsor

ONE CAPITAL

Attorneys

GLYN MARAIS
in association with SNR DENTON [□]

**Independent Reporting
Accountants**

Deloitte.
Deloitte & Touche
Registered Auditors

Independent Expert

KPMG

Tax Advisor

BG *Bowman Gilfillan*
Attorneys

FOREIGN SHAREHOLDERS

This Circular has been prepared for the purposes of complying with the Companies Act and the Companies Regulations and is published in terms thereof and the information disclosed may not be the same as that which would have been disclosed if this Circular had been prepared in accordance with the laws and regulations of any jurisdiction outside of South Africa.

The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.

This Circular is not intended to and does not constitute or form part of an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction. This Circular does not constitute a prospectus or a prospectus-equivalent document. Shareholders are advised to read this Circular, which contains the full terms and conditions of the Scheme, with care. Any decision to approve the Scheme or other response to the proposals should be made only on the basis of the information in this Circular.

CORPORATE INFORMATION

Registered Office

UCS Group Limited
(Registration number 1993/002253/06)
28th Floor
209 Smit Street
Braamfontein
Johannesburg, 2001
(PO Box 31266, Braamfontein, 2017)

Place of incorporation: South Africa

Date of incorporation: 29 April 1993

Corporate Advisor and Sponsor

One Capital
17 Fricker Road
Illovo, 2196
(PO Box 784573, Sandton, 2146)

Tax Advisor

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

Independent Expert

KPMG Services (Proprietary) Limited
85 Empire Road
Parktown, 2193
(Private Bag 9, Parkview, 2122)

Company Secretary

Corporate Governance CC
Chartered Secretaries
(represented by Mr Clive Kneale,
Fellow of the Chartered Institute of
Secretaries)
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 Secretary

Link Market Services South Africa
(Proprietary) Limited
13th Floor
19 Ameshoff Street
Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

Independent Reporting Accountants

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

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Form of Proxy (white)	in respect of the General Meeting for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only	Attached
Form of Election (blue)	for use by Certificated Shareholders only who wish to make the Continuation Election and/or wish to make the Exit Election in respect of some or all of their Shares and those who fall under the Default Position	Attached

ACTION REQUIRED BY SHAREHOLDERS

The definitions commencing on page 9 of this Circular apply 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 advisor. 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 Shareholders.

The General Meeting of Shareholders will be held at the Company's registered office, 20th Floor, 209 Smit Street, Braamfontein, on Thursday, 22 September 2011 at 10:00, to consider and, if deemed fit, to pass the Resolutions as set out in the notice of General Meeting, attached to, and forming part of this Circular.

1. VOTING AND ATTENDANCE AT THE GENERAL MEETING

1.1 Dematerialised Shareholders without "own-name" registration

1.1.1 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, 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 (*white*) 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 Certificated Shareholders and Dematerialised Shareholders with "own-name" registration

You may attend the General Meeting in person or participate electronically as contemplated in the notice of General Meeting, and you 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 (*white*) for the General Meeting in accordance with the instructions it contains and returning it to the Transfer Secretary at Link Market Services South Africa (Proprietary) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received by it 48 hours before the commencement of the General Meeting (or the adjournment of the General Meeting), or handing it to the Chairman of the General Meeting should the Form of Proxy not be lodged with the Transfer Secretary by this time before the appointed proxy exercises any of the Shareholder rights at the General Meeting (or any adjournment of the General Meeting), provided that, should you return such Form of Proxy to the Transfer Secretary at either of the above addresses less than 48 hours before the General Meeting, you will also be required to furnish a copy of such Form of Proxy to the Chairman of the General Meeting before the appointed proxy exercises any of your Shareholder rights at the General Meeting (or any adjournment of the General Meeting).

2. ELECTION PROCEDURE FOR SHAREHOLDERS

PLEASE TAKE CAREFUL NOTE OF THE DEFAULT POSITION. IN TERMS OF THE SCHEME, IF YOU DO NOT VALIDLY MAKE THE CONTINUATION ELECTION AND/OR THE EXIT ELECTION, OR SHOULD YOU FAIL TO VALIDLY MAKE THE CONTINUATION ELECTION, YOU WILL BE DEEMED TO HAVE MADE THE EXIT ELECTION IN RESPECT OF ALL OF YOUR SHARES AND THE COMPANY WILL RE-Acquire ALL YOUR SHARES BY WAY OF EXPROPRIATION IF THE SCHEME BECOMES OPERATIVE.

2.1 Dematerialised Shareholders, with or without “own-name” registration

Your CSDP or Broker should contact you in the manner stipulated in the agreement concluded between you and your CSDP or Broker to find out which election you wish to make in terms of the Scheme.

If your CSDP or Broker does not contact you, you are advised to contact your CSDP or Broker and furnish the CSDP or Broker with your election instructions in the manner and by the cut-off time stipulated by your CSDP or Broker in terms of the custody agreement between you and your CSDP or Broker. If your CSDP or Broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them.

You must **not** complete the attached Form of Election (*blue*).

2.2 Certificated Shareholders

If you wish to make the Continuation Election and/or the Exit Election, you must properly complete the attached Form of Election (*blue*) and lodge it together with your Documents of Title in accordance with the instructions contained therein and return it to the Transfer Secretary to be received by 12:00 on the Scheme Consideration Record Date.

If you do not complete the attached Form of Election (*blue*) and do not validly make the Continuation Election and/or Exit Election, you will be deemed to have made the Exit Election in respect of all your Shares.

3. SETTLEMENT OF THE SCHEME CONSIDERATION IN RESPECT OF SCHEME CONSIDERATION RECIPIENTS

3.1 Dematerialised Shareholders with or without “own-name” registration

If the Scheme becomes operative, you will have your account held at your CSDP or Broker credited with the Scheme Consideration and debited with the Shares you are transferring to UCS on the Operative Date, or if you are a Dissenting Shareholder who subsequently becomes a Scheme Consideration Recipient as envisaged in paragraph 6.4.2 of this Circular, on the date set out in paragraph 6.4.2 of this Circular.

You must **not** complete the attached Form of Election (*blue*).

3.2 Certificated Shareholders

3.2.1 If the Scheme becomes operative and you have surrendered your Documents of Title to the Transfer Secretary on or before 12:00 on the Scheme Consideration Record Date, the Scheme Consideration will be posted to you, at your own risk, within six Business Days of the Operative Date, unless you elect to receive the Scheme Consideration by way of an EFT on the Form of Election (*blue*), in which case the Scheme Consideration will be paid to the bank account nominated by you in the Form of Election (*blue*) on the Operative Date.

3.2.2 If the Scheme becomes operative and you surrender your Documents of Title and completed Form of Election (*blue*) after 12:00 on the Scheme Consideration Record Date, the Transfer Secretary will only post the Scheme Consideration to you, at your risk, or pay it to you by way of an EFT (if you elected that option in the Form of Election (*blue*)), within six Business Days of receipt of your Documents of Title and Form of Election (*blue*), provided that should you:

- 3.2.2.1 be a Dissenting Shareholder who subsequently becomes a Scheme Consideration Recipient as envisaged in paragraph 6.4.2 of this Circular, you will still need to submit your Documents of Title, together with a completed Form of Election (*blue*), to the Transfer Secretary and payment of the Scheme Consideration will be posted to you or paid to you by way of an EFT (if you elect that option in the Form of Election (*blue*)) on the date set out in paragraph 6.4.2 of this Circular; and
- 3.2.3** Should you fail to submit your Documents of Title and completed Form of Election (*blue*) to the Transfer Secretary or in respect of a Dissenting Shareholder who subsequently becomes a Scheme Consideration Recipient as envisaged in paragraph 6.4.2 the Scheme Consideration payable to such Scheme Consideration Recipient will be held in trust by UCS (or any third party nominated by it for this purpose) for the benefit of the Scheme Consideration Recipient concerned for a maximum period of three years, after which period such funds shall be made over to the Guardian's fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by UCS.
- 3.2.4** If you wish to surrender your Documents of Title in anticipation of the Scheme becoming operative and the Name Change becoming effective:
- (a) you should complete the Form of Election (*blue*) in accordance with its instructions and return it, together with your Documents of Title, to the Transfer Secretary at 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg 2001, South Africa or PO Box 4844, Johannesburg, 2000; and
 - (b) it should be noted that you will not be able to Dematerialise or deal in your Shares between the date of surrender of your Documents of Title and the Operative Date or, if the Scheme does not become operative, the date on which your Documents of Title are returned to you pursuant to paragraph 3.2.5 below.
- 3.2.5** Documents of Title surrendered prior to 12:00 on the Scheme Consideration Record Date, in anticipation of the Scheme becoming operative, will be held in trust by the Transfer Secretary, at the risk of the Certificated Shareholder concerned, pending the Scheme becoming operative.
- 3.2.6** Should the Scheme not become operative and the Name Change become effective, any Documents of Title surrendered and held by the Transfer Secretary will be replaced and new Documents of Title will be issued reflecting the Name Change and will be posted by registered post in South Africa on or about the Effective Date of the Name Change, at the risk of the Certificated Shareholder concerned.
- 3.2.7** Should the Scheme not become operative and the Name Change does not become effective, Documents of Title surrendered and held by the Transfer Secretary will be posted, by registered post in South Africa, at the risk of the Shareholder concerned, within six Business Days from the date of receipt of the Documents of Title or the date on which it becomes known that the Scheme will not become operative and the Name Change will not become effective, whichever is the later.

4. THE NAME CHANGE

4.1 Dematerialised Shareholders with or without "own-name" registration who make the Continuation Election

Should the Scheme become operative and Name Change become effective, your Dematerialised Shares will be converted into Certificated Shares and the new Share certificates reflecting the Name Change will be mailed by registered post in South Africa on or about the Effective Date of the Name Change, at the risk of the Shareholder concerned.

You do **not** need to complete the attached Form of Election (*blue*).

4.2 Certificated Shareholders who make the Continuation Election

Certificated Shareholders are requested to complete the attached Form of Election (*blue*) and return it, together with their Documents of Title, to the Transfer Secretary. New Share certificates reflecting the Name Change will be posted by registered post in South Africa on or about the Effective Date of the Name Change, at the risk of the Certificated Shareholder concerned.

5. VALIDITY OF FORMS OF ELECTION (*blue*)

In respect of Certificated Shareholders, UCS reserves the right, in its sole and absolute discretion, to:

- (a) treat as invalid Forms of Election (*blue*) not accompanied by Documents of Title or valid Documents of Title; and/or
- (b) treat as invalid Forms of Election (*blue*) which have not been fully completed or which have been incorrectly completed; and/or
- (c) require proof of the authority of the person signing the Form of Election (*blue*) where such proof has not yet been lodged with, or recorded by, the Transfer Secretary.

6. CERTIFICATED TRANSFERS

Where physical Documents of Title have been surrendered, no receipts will be issued to Shareholders for the Form of Election (*blue*) and the Documents of Title lodged with the Transfer Secretary, unless specifically requested by such Shareholders in writing. Lodging agents who require special transaction receipts are requested to prepare such receipts and submit them for stamping together with the Documents of Title lodged.

7. LOST OR DESTROYED DOCUMENTS OF TITLE IN RESPECT OF CERTIFICATED SHAREHOLDERS

If Documents of Title have been lost or destroyed, Scheme Participants should nevertheless return the Form of Election (*blue*), duly signed and completed. The Transfer Secretary shall issue a suitable indemnity form to such Shareholder, such indemnity form to be in a form and substance acceptable to UCS, in its sole and absolute discretion and UCS and the Transfer Secretary must be satisfied that the Documents of Title have been lost or destroyed. Only upon receipt of such indemnity form duly completed and signed by such Shareholder to be received by 12:00 on the Scheme Consideration Record Date, UCS shall consider the action taken by such Shareholder in terms of the Scheme.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 9 of this Circular apply to this section.

2011

Circular posted to Shareholders	Monday, 22 August
Last day to trade in Shares on the exchange operated by the JSE in order to be recorded in the register on the Scheme Voting Record Date on	Friday, 9 September
Scheme Voting Record Date being 17:00 on	Friday, 16 September
Last day to lodge Forms of Proxy (<i>white</i>) in respect of the General Meeting with the Transfer Secretary by 10:00 on	Tuesday, 20 September
General Meeting of Shareholders to be held at 10:00 on	Thursday, 22 September
Results of the General Meeting released on SENS on	Thursday, 22 September
Results of the General Meeting published in the press on	Friday, 23 September
Expected Finalisation Date announcement published on SENS	Friday, 7 October
Expected Finalisation Date announcement published in the press	Monday, 10 October
Expected last day to trade Shares on the exchange operated by the JSE in order to be recorded in the register to receive the Scheme Consideration on	Friday, 14 October
Expected suspension of listing of Shares at the commencement of trade on the exchange operated by the JSE on	Monday, 17 October
Expected Scheme Consideration Record Date to be recorded in the register in order for Shareholders to make the Continuation Election and/or the Exit Election in respect of some or all of their Shares and date on which Forms of Election (<i>blue</i>) must be received by 12:00 on	Friday, 21 October
Expected Operative Date	Monday, 24 October
Expected date of payment of the Scheme Consideration to be transferred electronically or posted to certificated Scheme Consideration Recipients (if Form of Election (<i>blue</i>) and Documents of Title are received by the Transfer Secretary on or before 12:00 on the Scheme Consideration Record Date) on	Monday, 24 October
Dematerialised Scheme Consideration Recipients expected to have their accounts held at their CSDP or Broker debited with the Scheme Shares and credited with the Scheme Consideration on	Monday, 24 October
Expected termination of listing of Shares on the exchange operated by the JSE at the commencement of trade on or about	Tuesday, 25 October
Effective Date of the Name Change	Upon the issue by the CIPC of the amended registration certificate
Share certificates reflecting the Name Change will be posted to those Shareholders who have elected the Continuation Election on or about	The first Business Day following the Effective Date of the Name Change

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.
2. No dematerialisation or re-materialisation of Shares may take place from the Business Day following the Scheme LDT.
3. Shareholders who wish to exercise their Appraisal Rights are referred to Annexure 6 of this Circular for purposes of determining the relevant timing for the exercise of their Appraisal Rights.
4. 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.
5. 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 Companies Regulations 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:

“Appraisal Rights”	the rights afforded to Shareholders in terms of section 164 of the Companies Act as set out in Annexure 6 to this Circular;
“Appraisal Rights Offer”	an offer made by UCS to a Dissenting Shareholder in terms of section 164(11) of the Companies Act;
“BCG”	Business Connexion Group Limited, registration number 1988/005282/06, a public company duly incorporated in accordance with the laws of South Africa and listed on the main board of the exchange operated by the JSE;
“Board”	the board of directors of UCS as at the Last Practicable Date;
“Broker”	a “stockbroker” as defined in the Securities Services Act;
“Business Day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“Certificated Shares”	Shares that have not been Dematerialised;
“Certificated Shareholders”	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;
“CIPC”	the Companies and Intellectual Property Commission established in terms of section 185 of the Companies Act;
“Circular”	this bound document, dated 22 August 2011, addressed to Shareholders and which includes all annexures, the notice of General Meeting, the Form of Proxy (<i>white</i>) and the Form of Election (<i>blue</i>);
“Common Monetary Area”	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
“Companies Act”	the Companies Act, No. 71 of 2008, as amended from time to time;
“Companies Regulations”	the Companies Regulations, 2011, promulgated under the Companies Act, as amended from time to time;
“Conditions Precedent”	the conditions precedent to which the Scheme is subject, as set out in paragraph 3.3 of this Circular;
“Continuation Election”	the option in terms of which a Scheme Participant may elect to retain some or all of his Shares post the Delisting, which Shares will consequently not be re-acquired by the Company in terms of the Scheme;
“Controlling Shareholder”	any Shareholder that, together with his or its associates and any other party with whom such Shareholder has an agreement or arrangement or understanding, whether formal or informal, relating to any voting rights attaching to Shares, can exercise, or cause to be exercised, 35% or more of the voting rights;
“Court”	any South African court with competent jurisdiction to approve the implementation of the special resolutions set out in the notice of General Meeting pursuant to section 115 of the Companies Act and/or make a determination in terms of section 164(14) of the Companies Act;
“CSDP”	Central Securities Depository Participant, as defined in section 1 of the Securities Services Act;

“the Default Position”	the automatic default position in the event that a Scheme Participant does not validly make the Continuation Election and/or the Exit Election or fails to validly make the Continuation Election, being that he is deemed to have made the Exit Election in respect of all of his Shares and all his Shares will be re-acquired by the Company, by way of expropriation as contemplated by section 114(1)(c) of the Companies Act;
“the Delisting”	the proposed termination of the listing of the Shares on the exchange operated by the JSE;
“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 29 of the Securities Services Act;
“Dematerialised Shares”	Shares that have been Dematerialised or have been issued in Dematerialised form and are held on a sub-register of Shareholders administered by a CSDP;
“Dematerialised Shareholders”	Shareholders who hold Dematerialised Shares;
“Destiny E-Commerce”	Destiny Electronic Commerce (Proprietary) Limited, registration number 1989/001502/07, a private company duly incorporated in accordance with the laws of South Africa;
“Directors”	the directors of UCS from time to time, the names of whom are set out on page 14 of this Circular;
“the Disposal”	the disposal by UCS of the majority of its business operations, being the Disposal Entities, to BCG as detailed in the circular to Shareholders dated 9 March 2011, which disposal became effective on Wednesday, 11 May 2011;
“Disposal Entities”	collectively Accsys (Proprietary) Limited, CEB Maintenance Africa (Proprietary) Limited, UCS Solutions (Proprietary) Limited, UCS Technology Services (Proprietary) Limited and UCS’ 70% shareholding in Destiny E-Commerce;
“Dissenting Shareholders”	Shareholders who validly exercise their Appraisal Rights by demanding in terms of sections 164(5) and 164(8) of the Companies Act, that the Company pay to them the fair value of all of their Shares;
“Documents of Title”	a share certificate, certified transfer deed, balance receipt or any other document of title acceptable to UCS in respect of Shares;
“Effective Date of the Name Change”	the date set out in the amended registration certificate pertaining to the Name Change as issued by the CIPC;
“EFT”	electronic funds transfer;
“EPS”	earnings per share;
“Exchange Control Regulations”	the Exchange Control Regulations 1961, as amended from time to time, issued in terms of section 9 of the Currency and Exchanges Act, No. 9 of 1933, as amended from time to time;
“Exit Election”	the option in terms of which a Scheme Participant may validly elect to dispose of some or all of their Shares in the Company, which Shares will be re-acquired by the Company as contemplated by section 114(1)(e) of the Companies Act;
“Finalisation Date”	the date on which all the Conditions Precedent shall have been fulfilled or waived, as the case may be;
“Financial Effects”	unaudited <i>pro forma</i> financial effects;
“Foreign Shareholder”	a Shareholder who is a non-resident of South Africa as contemplated in the Exchange Control Regulations;

"Form of Election"	the form of election, surrender and transfer attached to and forming part of this Circular (<i>blue</i>), for use by Certificated Shareholders only who wish to make the Continuation Election and/or the Exit Election in respect of some or all of their Shares and those who fall under the Default Position;
"Form of Proxy"	the form of proxy attached to and forming part of this Circular in respect of the General Meeting (<i>white</i>) for use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only;
"General Meeting"	the general meeting of Shareholders to be held at 10:00 on Thursday, 22 September 2011, at 20th Floor, 209 Smit Street, Braamfontein to consider and, if deemed fit, approve the Resolutions recorded in the notice of General Meeting;
"the Group" or "UCS Group"	UCS and its associates and subsidiaries from time to time;
"HEPS"	headline earnings per share;
"Income Tax Act"	the Income Tax Act, No. 58 of 1962, as amended from time to time;
"Independent Board"	collectively D C Sparrow, J P Fortuin, N A Michelson, M P R Morojele, V Chetty, B P Hattingh, P Terblanche, J R Claassen and R G Goodman, being the Directors that the Company has indicated are independent directors for purposes of the Companies Regulations;
"Independent Expert"	KPMG Services (Proprietary) Limited, registration number 1999/012876/07, a private company duly incorporated in accordance with the company laws of South Africa;
"Independent Reporting Accountants"	Deloitte & Touche, Registered Auditors;
"Interim Results"	reviewed interim results of UCS for the six months ended 31 March 2011, published on SENS on Monday, 30 May 2011;
"Irrevocable Parties"	the parties who have given Irrevocable Undertakings as set out in paragraph 27 of this Circular;
"Irrevocable Shares"	193 091 372 Shares, being the Shares which are subject to the Irrevocable Undertakings and in respect of which the Continuation Election will be made;
"Irrevocable Undertakings"	the undertakings entered into between UCS and the Irrevocable Parties in terms of which the Irrevocable Parties have undertaken in respect of the Irrevocable Shares, to make the Continuation Election and/or to vote in favour of the resolutions pertaining to the Scheme and Delisting at the General Meeting;
"JSE"	JSE Limited, registration number 2005/022939/06, a 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 Practicable Date"	Friday, 12 August 2011, being the last practicable date prior to the finalisation of this Circular;
"Listings Requirements"	the JSE Limited Listings Requirements, as amended from time to time;
"MOI"	the memorandum of incorporation of UCS;
"the Name Change"	the proposed change of name of UCS Group Limited to Capital Eye Investments Limited;
"NAVPS"	net asset value per share;
"NTAVPS"	net tangible asset value per share;
"Oasis Funds"	collectively, Oasis Crescent Capital (Proprietary) Limited, registration number 2002/004349/07, and Oasis Asset Management Limited, registration number 1997/000243/06, being a private and public company respectively, duly incorporated in accordance with the laws of South Africa;

“Offer Period”	the period commencing on the date of publication of the Scheme announcement, being 15 July 2011, and ending on the Operative Date;
“One Capital”	collectively, One Capital Advisory (Proprietary) Limited, registration number 2009/021943/07, and its wholly-owned subsidiary, One Capital Sponsor Services (Proprietary) Limited, registration number 2000/023249/07, trading as One Capital, being private companies duly incorporated in accordance with the laws of South Africa;
“Operative Date”	the date on which the Scheme becomes operative, being the first Business Day immediately following the Scheme Consideration Record Date, which operative date is expected to be Monday, 24 October 2011;
“Rand” or “R”	the South African Rand, the official currency of South Africa;
“Remaining Businesses”	the businesses remaining in UCS after the Disposal, being (i) within the Software Division, Argility, Cquential Solutions and the Aquitec operations in the United Kingdom and Chicago, USA; and (ii) within the Investments Division, the Value-Added Services business units including Innervation Value-Added Services, wiWallet, Volume and Affinity Risk Management and 4Life; and other assets within the Investments Division including GAAP Point-of-Sale, Ultisales Retail Software, Universal Knowledge Software, UCS Dynamics and Fernridge Consulting;
“Resolutions”	the ordinary and special resolutions to be approved by the requisite majority of Shareholders at the General Meeting, which will authorise the Scheme, the Delisting, the Name Change, authorisation for financial assistance by the Company and the approval for remuneration of Directors for their services as directors;
“Scheme” or “Scheme of Arrangement”	the scheme of arrangement in terms of section 114(1)(f) of the Companies Act, proposed by the Board between UCS and its Shareholders, in terms of which UCS will, if the Scheme becomes operative, acquire each of the Scheme Shares held by Scheme Consideration Recipients for the Scheme Consideration as more fully described in paragraph 3 of this Circular;
“Scheme Consideration”	the consideration payable by the Company to Scheme Consideration Recipients, being 55 cents per Scheme Share;
“Scheme Consideration Recipients”	collectively, those Shareholders who have made the Exit Election in respect of some or all of their Shares and those Shareholders who fall under the Default Position;
“Scheme Consideration Record Date”	the latest time and date for Shareholders: <ul style="list-style-type: none"> • to be registered as such in the register, in order to make the Continuation Election and/or the Exit Election in respect of some or all of their Shares; and • to submit their Forms of Election (<i>blue</i>) by 12:00, which date is expected to be Friday, 21 October 2011;
“Scheme LDT”	the last day to trade Shares on the exchange operated by the JSE in order to be recorded in the register on the Scheme Consideration Record Date, which date is expected to be Friday, 14 October 2011;
“Scheme Members”	Shareholders who are entitled to attend and vote at the General Meeting, being those Shareholders who are registered as such in the register on the Scheme Voting Record Date;
“Scheme Participants”	all Shareholders who are registered as such in the register on the Scheme Consideration Record Date except Dissenting Shareholders who have not, whether voluntarily or pursuant to a final order of the High Court, withdrawn their demand made in terms of sections 164(5) to 164(8) of the Companies Act, or allowed any offers made to them in terms of section 164(11) of the Companies Act to lapse;

“Scheme Shares”	those Shares belonging to the Scheme Consideration Recipients, which will be re-acquired by UCS in terms of the Scheme excluding the Irrevocable Shares and any treasury Shares;
“Scheme Voting Record Date”	the last time and date to be recorded in the register in order for Shareholders to be eligible to attend, speak and vote at the General Meeting (or any adjournment thereof), which is expected to be 17:00 on Friday, 16 September 2011;
“Securities Services Act”	Securities Services Act, No. 36 of 2004, as amended from time to time;
“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, all of which are currently listed on the exchange operated by the JSE;
“Shareholders”	the registered holders of Shares;
“South Africa” or “RSA”	the Republic of South Africa;
“STC”	secondary tax on companies levied in terms of section 64B of the Income Tax Act (or any replacement tax levied in terms of the Income Tax Act);
“Strate”	Strate Limited, registration number 1998/022242/06, a public company duly incorporated in accordance with the laws of South Africa, a central securities depository licensed in terms of the Securities Services Act and responsible for the electronic clearing and settlement system provided to the JSE;
“STT”	securities transfer tax levied in terms of the Securities Transfer Tax Act, 2007, as amended from time to time;
“Takeover Panel”	the Takeover Regulation Panel established in terms of section 196 of the Companies Act;
“TSS”	Tactical Software Systems (Proprietary) Limited, registration number 1997/004051/07, a private company duly incorporated in accordance with the laws of South Africa and UCS’ principal black economic empowerment shareholder. TSS is wholly-owned by the Kopano Ke Matla Trust;
“Transfer Secretary”	Link Market Services South Africa (Proprietary) Limited, registration number 2000/007239/07, a 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 public company duly incorporated in accordance with the laws of South Africa;
“Unbundling”	the subsequent distribution <i>in specie</i> of the BCG consideration shares received pursuant to the Disposal;
“VAT”	value-added tax levied in terms of the South African Value-Added Tax Act, No. 89 of 1991, as amended from time to time;
“VeriFone Singapore”	VeriFone Singapore PTE Limited; and
“VeriFone Transaction”	UCS’ sharing in the upside of the Disposal by BCG of its interests in Destiny E-Commerce to VeriFone Singapore, as more fully set out in the UCS announcement dated 24 May 2011.



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

D F Coles (*Chairman*)

J D Bright (*Chief Executive Officer*)

D C Sparrow (*Deputy Chief Executive Officer*)

J P Fortuin (*Chief Financial Officer*)

N A Michelson (*Group Commercial Director*)

M P R Morojele *

V Chetty *

B P Hattingh *

R G Goodman *

P Terblanche *

J R Claassen *

* *Non-executive*

CIRCULAR TO SHAREHOLDERS

1. INTRODUCTION

On 30 and 31 May 2011 respectively, UCS announced on SENS and in the press, its intention to delist its Shares from the main board of the exchange operated by the JSE. The Board has resolved that it will propose a scheme of arrangement between UCS and Shareholders in terms of which UCS will re-acquire the Scheme Shares and implement the Delisting.

Consequently, subject to the Scheme being approved and becoming unconditional, Shareholders who wish to retain some or all of their Shares or who wish to dispose of some or all of their Shares to UCS, shall be required to make such election by completing the attached Form of Election (*blue*), failing which election or in the event of an invalid election, the Scheme Shares will be re-acquired by way of expropriation in terms of the Scheme and the Scheme Shares so re-acquired by UCS will have the same status as shares that have been authorised but not issued.

The purpose of this Circular is to provide Shareholders with information relating to, *inter alia*, the Scheme, the Delisting, the Name Change, the authorisation for financial assistance by the Company and the approval for the remuneration of Directors for their services as directors as set out in the notice of General Meeting at which Shareholders will be entitled to vote on the Resolutions.

2. RATIONALE FOR THE SCHEME AND DELISTING

2.1 The Scheme

The purpose of the Scheme is to allow Shareholders that cannot or do not wish to hold some or all of their Shares in UCS following implementation of the Delisting to dispose of such Shares.

2.2 The Delisting

Following the successful Disposal and Unbundling of the BCG consideration shares received pursuant to the Disposal, as more fully set out in the circular to Shareholders dated 9 March 2011, the Board considered, *inter alia*, the following factors in assessing the viability of a continued listing of the Shares on the exchange operated by the JSE:

- the size of the Remaining Businesses held by UCS, relative to the continued costs of remaining listed on the exchange operated by the JSE;
- the size and market capitalisation of UCS, relative to other listed companies in the Software and Computer Services sector of the exchange operated by the JSE;

- the future capital requirements of the Remaining Businesses; and
- the development and/or maturity profile of the Remaining Businesses and whether a listing would suit the stage of development and/or maturity of these businesses.

Having considered the above factors, the Board has resolved to propose and implement the Scheme and the Delisting.

3. TERMS OF THE SCHEME

3.1 Authority to implement the Scheme, the Delisting and the Name Change

At the General Meeting, the following inter-conditional resolutions will be proposed to Shareholders:

- a special resolution in terms of section 48(8) of the Companies Act and paragraph 5.67(B) of the Listings Requirements, in order to authorise the re-acquisition of the Scheme Shares by UCS in terms of the Scheme;
- a special resolution in terms of section 115(2)(a) of the Companies Act in order to approve the Scheme between the Company and Shareholders; and
- an ordinary resolution in terms of paragraph 1.14(a) of the Listings Requirements in order to authorise the Delisting.

Special resolutions regarding the Name Change, the authorisation for financial assistance by the Company in terms of section 45 of the Companies Act and approval for the remuneration of Directors for their services as directors, not inter-conditional upon the above resolutions, will also be proposed to Shareholders at the General Meeting.

3.2 Scheme Consideration

In terms of the Scheme, UCS will re-acquire the Scheme Shares at a price of 55 cents per Scheme Share, to be settled in cash.

The Scheme Consideration represents a 42% premium over the volume weighted average price of the Shares traded on the exchange operated by the JSE during the 10 trading days commencing on the date upon which the Shares traded "ex" their entitlement to the BCG consideration shares in terms of the Unbundling and ending on (and including) the day before the date of the UCS announcement regarding the Delisting published on SENS on 30 May 2011.

3.3 Conditions Precedent to the Scheme

The Scheme is subject to the fulfilment or waiver (in whole or in part) by UCS, in its sole discretion, of the following Conditions Precedent by no later than 17:00 on 30 November 2011 or such later date as UCS may, in its sole discretion, determine (subject to the approval of the Takeover Panel):

3.3.1 the approval of the Scheme by the requisite majority of Shareholders at the General Meeting as contemplated in section 115(2)(a) of the Companies Act and, in the event of the provisions of section 115(2)(c) becoming applicable:

3.3.1.1 the approval of the Scheme by the Court; and

3.3.1.2 if applicable, UCS not treating the aforesaid resolution as a nullity as contemplated in section 115(5)(b) of the Companies Act;

3.3.2 the approval of the re-acquisition of the Scheme Shares by the requisite majority of Shareholders by way of a special resolution in terms of section 48(8) of the Companies Act and as required in terms of paragraph 5.67(B) of the Listings Requirements;

3.3.3 all Irrevocable Parties making the Continuation Election in accordance with their Irrevocable Undertakings and in terms of the Scheme; and

3.3.4 the receipt of unconditional approvals, consents or waivers from all applicable regulatory authorities as may be required in order to implement the Scheme, the Delisting (including the compliance certificate to be issued by the Takeover Panel for purposes of giving effect to the Scheme) or, to the extent that any such approvals, consents or waivers are subject to conditions, such conditions being accepted by UCS.

3.4 The Scheme

- 3.4.1** In terms of the Scheme, UCS will re-acquire the Scheme Shares from the Scheme Consideration Recipients for the Scheme Consideration.
- 3.4.2** If the Scheme becomes operative:
- 3.4.2.1 the Scheme Consideration Recipients shall dispose of their Scheme Shares, free of encumbrances, to UCS on the Operative Date in exchange for the Scheme Consideration and UCS shall re-acquire all the Scheme Shares as of the Operative Date;
 - 3.4.2.2 the disposal and transfer by each Scheme Consideration Recipient of their Scheme Shares to UCS and the re-acquisition of those Scheme Shares by UCS, pursuant to the provisions of the Scheme, shall be effected on the Operative Date;
 - 3.4.2.3 each Scheme Consideration Recipient shall be deemed to have transferred to UCS, on the Operative Date, all their Scheme Shares, without any further act or instrument being required; and
 - 3.4.2.4 Scheme Consideration Recipients shall be entitled to receive the Scheme Consideration, subject to the remaining provisions of this paragraph 3.4.
- 3.4.3** In terms of the Scheme, each Scheme Consideration Recipient irrevocably and *in rem suam* authorises UCS, as agent, with full power of substitution, to cause the Scheme Shares disposed of by the Scheme Consideration Recipient in terms of the Scheme to be transferred to UCS on the Operative Date, and to do all such things and take all such steps (including the signing of any transfer form) as may be necessary or expedient in order to effect the transfer.
- 3.4.4** The Scheme Consideration shall be paid in full, in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which UCS may otherwise be, or claim to be, entitled against any Scheme Consideration Recipient, unless otherwise agreed to between UCS and the Scheme Consideration Recipient.
- 3.4.5** The rights of the Scheme Consideration Recipients to receive the Scheme Consideration will be rights enforceable by Scheme Consideration Recipients against UCS only.
- 3.4.6** The effect of the Scheme, *inter alia*, will be that UCS will, with effect from the Operative Date, re-acquire all the Scheme Shares which shall then have the same status as shares that have been authorised but not issued pursuant to the re-acquisition in terms of the Scheme. None of the Scheme Shares will be transferred to any other person.
- 3.4.7** UCS and the Independent Board undertakes that, upon the Scheme becoming operative, they will give effect to the terms and conditions of the Scheme and will take all actions and sign all documents necessary to give effect to the Scheme.

PLEASE TAKE CAREFUL NOTE OF THE DEFAULT POSITION. IN TERMS OF THE SCHEME, IF YOU DO NOT VALIDLY MAKE THE CONTINUATION ELECTION AND/OR THE EXIT ELECTION OR SHOULD YOU FAIL TO VALIDLY MAKE THE CONTINUATION ELECTION, YOU WILL BE DEEMED TO HAVE MADE THE EXIT ELECTION IN RESPECT OF ALL OF YOUR SHARES AND THE COMPANY WILL RE-ACQUIRE ALL YOUR SHARES BY WAY OF EXPROPRIATION IF THE SCHEME BECOMES OPERATIVE.

4. SETTLEMENT OF THE SCHEME CONSIDERATION

- 4.1** Subject to paragraphs 4.2 and 4.4 below, if the Scheme becomes operative, Scheme Consideration Recipients will be entitled to receive the Scheme Consideration.
- 4.2** Settlement of the Scheme Consideration is subject to the Exchange Control Regulations, salient provisions of which are set out in Annexure 5 to this Circular.
- 4.3** UCS will administer and effect payments of the Scheme Consideration to Scheme Consideration Recipients.
- 4.4** If the Scheme becomes operative:
- 4.4.1** Dematerialised Shareholders who become Scheme Consideration Recipients will have their account at their CSDP or Broker credited with the Scheme Consideration and debited with

the Scheme Shares on the Operative Date, or in the case of Dissenting Shareholders who subsequently become Scheme Consideration Recipients as envisaged in paragraph 6.4.2, on the date contemplated in paragraph 6.4.2; and

4.4.2 Certificated Shareholders who become Scheme Consideration Recipients:

- 4.4.2.1 who have submitted their Documents of Title and completed Form of Election (*blue*) to the Transfer Secretary on or before 12:00 on the Scheme Consideration Record Date, will have the Scheme Consideration posted to them at their risk, within six Business Days of the Operative Date, unless they have elected to receive the Scheme Consideration by way of an EFT by completing the relevant sections in the Form of Election (*blue*), in which case the Scheme Consideration will be paid to them on the Operative Date; or
- 4.4.2.2 who submit their Documents of Title and completed Form of Election (*blue*) after 12:00 on the Scheme Consideration Record Date, will have the Scheme Consideration posted to them, at their risk, or paid to them by way of an EFT (if this option was elected in the Form of Election (*blue*)), within six Business Days of the Transfer Secretary receiving their Documents of Title and completed Form of Election (*blue*), unless such Scheme Consideration Recipients were Dissenting Shareholders who have subsequently become Scheme Consideration Recipients as envisaged in paragraph 6.4.2, in which case such Scheme Consideration Recipients will still need to submit their Documents of Title, together with completed Forms of Election (*blue*) to the Transfer Secretary and payment of the Scheme Consideration will only be posted to such Scheme Consideration Recipients, at their risk, or paid to them by way of an EFT (if this option was elected in the Form of Election (*blue*)) on the date set out in paragraph 6.4.2.
- 4.4.2.3 who fail to submit their Documents of Title and completed Form of Election (*blue*) to the Transfer Secretary or in respect of a Dissenting Shareholder who subsequently becomes a Scheme Consideration Recipient as envisaged in paragraph 6.4.2, the Scheme Consideration payable to such Scheme Consideration Recipient will be held in trust by UCS (or any third party nominated by it for this purpose) for the benefit of the Scheme Consideration Recipients concerned, for a maximum period of three years, after which period such funds shall be made over to the Guardians fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by UCS.

5. EFFECTS OF THE SCHEME

- 5.1** If all the Conditions Precedent are fulfilled or waived, as the case may be, and the Scheme becomes operative:
 - 5.1.1** Scheme Consideration Recipients shall, with effect from the Operative Date, dispose of their Scheme Shares to UCS, and UCS shall re-acquire all of the Scheme Shares in exchange for payment of the Scheme Consideration, and the Scheme Consideration Recipients shall no longer be Shareholders;
 - 5.1.2** Scheme Consideration Recipients shall be deemed to have irrevocably authorised and instructed UCS to cause the Scheme Shares to be transferred to UCS on or at any time after the Operative Date and to take all such steps and sign all such documents as may be necessary to procure such transfer; and
 - 5.1.3** Scheme Consideration Recipients shall be deemed to have appointed UCS as agent to procure that the Scheme Consideration is paid to the Scheme Consideration Recipients in accordance with the provisions of the Scheme.
- 5.2** The effect of the Scheme will be that UCS will, with effect from the Operative Date, re-acquire all the Scheme Shares, which Shares shall have the same status as shares that have been authorised but not issued.

6. DISSENTING SHAREHOLDERS

- 6.1** In terms of section 164(2)(b) of the Companies Act, all Shareholders are entitled to the Appraisal Rights provided for in section 164 of the Companies Act.
- 6.2** A copy of section 164 of the Companies Act (which sets out the Appraisal Rights) is included in Annexure 6 to this Circular.
- 6.3** Any Dissenting Shareholder that, pursuant to the exercise of its Appraisal Rights, has accepted an Appraisal Rights Offer and/or transferred Shares to UCS pursuant to section 164(13) or section 164(15)(c)(v) of the Companies Act shall not participate in the Scheme.
- 6.4** Any Dissenting Shareholder that withdraws its demand made in terms of sections 164(5) to 164(8) of the Companies Act, either voluntarily or pursuant to a final order of Court, or allows an offer by the Company in terms of section 164(11) of the Companies Act to lapse without exercising its rights in terms of section 164(14) of the Companies Act shall, if that Dissenting Shareholder withdrew its demand or allowed an offer to lapse:
- 6.4.1** on or prior to the Scheme Consideration Record Date:
- (a) will be a Scheme Participant and be subject to the provisions of the Scheme; and
 - (b) will be entitled to make the Continuation Election and/or the Exit Election in the prescribed manner, in respect of all/or some of its Shares; or
- 6.4.2** after the Scheme Consideration Record Date, be deemed to have been a Scheme Consideration Recipient as at the Operative Date of the Scheme in respect of which the Default Position is applicable, provided that settlement of the Scheme Consideration and transfer of that Dissenting Shareholder's Shares to UCS shall take place on the later of: (i) the Operative Date; (ii) the date which is six Business Days after that Dissenting Shareholder so withdrew its demand or allowed the Company's offer to lapse, as the case may be, and (iii) if that Dissenting Shareholder is a Certificated Shareholder, the date which is six Business Days after that Dissenting Shareholder shall have submitted its Documents of Title and completed Form of Election (*blue*) to the Transfer Secretary.
- 6.5** For the sake of clarity, except where expressly provided otherwise, all provisions applicable to other Scheme Participants shall apply equally to any Dissenting Shareholder who becomes a Scheme Participant as a result of his rights to Shares being reinstated in terms of section 164(10) of the Companies Act, or pursuant to a final order of Court.

7. THE NAME CHANGE

In terms of the written agreement regulating the Disposal, UCS undertook to, as soon as possible after the effective date of the Disposal, being 11 May 2011, but no later than twelve months after such effective date, change its name and the name of each company in the UCS Group to any other name which is acceptable to the CIPC which does not include the word "UCS". Further to this, it is proposed that the Company's name be changed to Capital Eye Investments Limited, which change is subject to the approval of Special Resolution Number 3 as set out in the notice of General Meeting and the requisite CIPC approval.

8. PROSPECTS OF THE REMAINING BUSINESSES

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 dependent 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. Brazil, Russia, India and China are forecast to continue recovering strongly but there are significant challenges in accessing the retail sectors in India and China.

The UCS Group management team's biggest immediate focus is 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 targeting to achieve monthly profitability in the 2012 financial year.

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.

The prospects information has not been reviewed or reported on by the Group's auditors.

9. ADEQUACY OF CAPITAL AND SOLVENCY AND LIQUIDITY TEST

The Directors have considered the effect of the Scheme on UCS Group's working capital requirements and are of the opinion that:

- 9.1 the UCS Group will be able, in the ordinary course of business, to pay its debts for a period of twelve months after the date of issue of this Circular;
- 9.2 the assets of the UCS Group will be in excess of its liabilities for a period of twelve months after the date of issue of this Circular, where for this purpose the assets and liabilities are recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the Company;
- 9.3 share capital and reserves of the UCS Group will be adequate for ordinary business purposes for a period of not less than twelve months after the date of approval of this Circular; and
- 9.4 the working capital of the UCS Group will be adequate for ordinary business purposes for a period of not less than twelve months after the date of approval of this Circular.

It is further recorded that:

- in terms of section 46(1)(a)(ii) of the Companies Act and the Listings Requirements, the Board has authorised the Scheme by way of a resolution;
- in terms of section 46(1)(b) of the Companies Act, the Board is satisfied that it reasonably appears that the Company will satisfy the solvency and liquidity test as set out in section 4 of the Companies Act, immediately after completing the re-acquisition of the Scheme Shares pursuant to the Scheme; and
- in terms of section 46(1)(c) of the Companies Act, the Board has by resolution acknowledged that they have applied the solvency and liquidity test as set out in section 4 of the Companies Act and reasonably concluded that the Group will satisfy the solvency and liquidity test immediately after completing the re-acquisition of the Scheme Shares pursuant to the Scheme.
- Since the solvency and liquidity test was done, there have been no material changes to the financial position of any company in the Group.

10. MAJOR SHAREHOLDERS

Insofar as is known to the Board, the following 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⁾	11.48
Oasis Funds	32 464 235 ⁽³⁾	11.00
TSS	27 022 446 ⁽²⁾	9.16
Total	93 344 687	31.64

Notes:

1. Based on 295 038 377 Shares in issue on the Last Practicable Date.
2. Held directly.
3. Held in various funds.

11. DIRECTORS' INTERESTS IN SHARES

At the Last Practicable Date, the 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 in the issued share capital of UCS were as follows:

	Direct beneficial '000	Indirect beneficial '000	Total '000	Percentage holding ⁽¹⁾ %
Executive				
J D Bright	8 866	34 035	42 901	14.54
D F Coles	4 945	29 770	34 715	11.77
J P Fortuin	362	975	1 337	0.45
N A Michelson	–	5 925	5 925	2.01
D C Sparrow	500	4 076	4 576	1.55
Sub total	14 673	74 781	89 454	30.32
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
M P R Morojele	100	–	100	0.03
P Terblanche	100	–	100	0.03
Sub total	389	75	464	0.16
Total	15 062	74 856	89 918	30.48

Note:

1. Based on 295 038 377 Shares in issue as at the Last Practicable Date.

12. DIRECTORS' INTERESTS IN OUTSTANDING OPTIONS

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

Future entitlements under the share schemes	Opening balance as at 30 September 2010 '000	Grant date	Strike price (cents)	Exercised	Closing balance as at the Last Practic- able Date '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			(200)	400
Zero cost options					
J P Fortuin	83	29 Aug 08	–	(14)	69
J P Fortuin	124	21 Nov 08	–	(21)	103
Sub total	207			(35)	172
Total	807			(235)	572

13. DISCLOSURE REQUIRED IN TERMS OF THE COMPANIES REGULATIONS

In terms of regulations 106(4)(c) and 106(7)(d) of the Companies Regulations, an offer circular must contain a statement of direct and indirect beneficial interests in or holdings of securities, or actions to be effected:

- (i) by the offeror, including separate disclosure of concert party holdings, in the offeree-regulated company;
- (ii) by the offeree-regulated company in the offeror;
- (iii) by directors or equivalent of the offeror in the offeror's securities and in any offeree-regulated company's securities;
- (iv) by directors or equivalent of the offeree-regulated company in the offeror and in any of the offeree-regulated company's securities.

Due to the nature of the Scheme, the Companies Regulations referred to above are not applicable to this Circular.

Disclosures in paragraphs 11, 12 and 27 of this Circular, have been made to the extent that they are applicable to the Scheme.

The following trades in UCS by a Director or his/her associate occurred during the period beginning six months before the Offer Period and ending on the Last Practicable Date:

Director	Number of Shares (sold)/ acquired	Price/ strike price per Share (Rand)	Date 2011	Nature of transaction
J D Bright ⁽¹⁾	(3 050 000) ⁽⁴⁾	2.00	8 August	Sale of the rights and obligations attached to 3 050 000 Shares by The J D Bright Family Trust
D C Sparrow ⁽¹⁾	900 000 ⁽⁴⁾	2.00	8 August	Acquisition of rights and obligations attached to 900 000 Shares by The Sparrow Trust
N A Michelson ⁽¹⁾	750 000 ⁽⁴⁾	2.00	8 August	Acquisition of rights and obligations attached to 750 000 Shares by his wife Mrs P Michelson
J P Fortuin ⁽¹⁾	34 500 ⁽⁵⁾	Nil	3 February	Exercise of options in terms of the UCS Management Incentive Trust (Zero Cost Incentive Scheme)
	300 000 ⁽⁴⁾	2.00	8 August	Acquisition of rights and obligations attached to 300 000 Shares
P Terblanche ⁽²⁾	100 000 ⁽⁴⁾	1.09	5 August	Exercise of options in terms of the UCS Staff Share Trust
M P R Morojele ⁽²⁾	100 000 ⁽⁴⁾	1.34	3 August	Exercise of options in terms of the UCS Staff Share Trust
N A Michelson ⁽³⁾	(9 304)	0.55	27 July	Sale of Shares in the open market by his wife Mrs P Michelson

Notes:

1. Announced on SENS on 10 August 2011.
2. Announced on SENS on 5 August 2011.
3. Announced on SENS on 29 July 2011.
4. These Shares were sold/acquired along with the entitlement to BCG shares received in terms of the Unbundling.
5. Announced on SENS on 17 March 2011.

14. DETAILS OF DIRECTORS

Details of the Directors are set out in Annexure 2 to this Circular.

15. 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 individual;
- normal notice period of a minimum of one month;
- the conditions of early termination by UCS in the event of a Director 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 that had been identified or nominated as a proposed Director. Accordingly, no service contracts with any proposed Directors have been entered into.

16. REMUNERATION OF DIRECTORS

The remuneration of Directors in their capacity as Directors will not be affected by the Scheme.

17. AGREEMENTS IN RELATION TO THE SCHEME

TSS has irrevocably agreed not to be a Scheme Consideration Recipient as detailed in paragraph 27 of this Circular. Pursuant to TSS' early redemption of certain preference shares held in its share capital by a subsidiary of UCS, TSS has irrevocably agreed that, if it became entitled to dispose of its Shares to any party whatsoever, the purchase price to be received by it would be paid directly to such subsidiary, to the extent required, to settle its remaining payment obligations of R14.86 million pursuant to such early redemption. Should such settlement not have occurred by 30 September 2011, TSS shall be obliged to transfer its Shares (at an amount equal to the Scheme Consideration) to such subsidiary of UCS or its nominee in settlement of its remaining obligations, pursuant to such early redemption, by way of a set-off.

18. SHARE CAPITAL OF UCS

The authorised and issued ordinary share capital of UCS before and after the Scheme is set out below:

Authorised share capital before and after the Scheme	R'000
480 000 000 ordinary shares of 0.5 cent each	2 400
Issued share capital before the Scheme	
295 038 377 ordinary shares of 0.5 cent each	1 475
Share premium	7 733
Issued share capital after the Scheme ⁽¹⁾	
244 941 323 ordinary shares of 0.5 cent each	1 224
Share premium	7 733
Issued share capital after the Scheme ⁽²⁾	
194 844 269 ordinary shares of 0.5 cent each	974
Share premium	7 733

Notes:

1. Based on the assumption that the Continuation Election is made in respect of 50% of the Shares (which Shares exclude the Irrevocable Shares and treasury Shares), and 50 097 054 Shares are re-acquired and shall have the same status as shares that have been authorised but not issued. On this basis, 16.98% of the Shares in the issued share capital of UCS will be re-acquired by UCS.
2. Based on the assumption that no Continuation Elections are received and 100 194 108 Shares (which Shares exclude the Irrevocable Shares and treasury Shares) are re-acquired in terms of the Scheme and shall have the same status as shares that have been authorised but not issued. On this basis, 33.96% of the Shares in the issued share capital of UCS will be re-acquired by UCS.
3. Based on 1 752 897 treasury Shares.

19. FINANCIAL EFFECTS

The table below sets out the Financial Effects of the Disposal and Unbundling, the VeriFone Transaction and the Scheme, which are based on the Interim Results. The previously published Financial Effects of the Disposal and Unbundling and the VeriFone Transaction were based on UCS' audited results for the year ended 30 September 2010 and have been revised to reflect the impact on the Interim Results as these transactions became effective after 31 March 2011.

The Financial Effects have been prepared for illustrative purposes only, in order to provide information about how the Scheme might have affected UCS' EPS, HEPS, diluted EPS, diluted HEPS, NAVPS and NTAVPS had it been implemented on the dates indicated in the notes below. Due to their nature, the Financial Effects may not fairly present the financial position or the effect on future earnings of UCS after the Scheme. The Board is responsible for the compilation, contents and preparation of the Financial Effects.

	Before the Scheme ⁽¹⁾	After the Disposal and the Unbundling	Percentage change (%)	After the VeriFone Transaction and before the scheme	Percentage change (%)	Scenario 1 ^{(2) and (3)}	Percentage change (%)	Scenario 2 ^{(2) and (4)}	Percentage change (%)
EPS (cents)	3.3	76.0	2 203.0	84.0	2 445.5	100.4	2 942.4	127.3	3 757.6
Diluted EPS (cents)	3.3	75.4	2 184.8	83.2	2 421.2	99.3	2 909.1	125.6	3 706.1
HEPS (cents)	3.4	(9.8)	(388.2)	(9.8)	(388.2)	(13.2)	(488.2)	(16.8)	(594.1)
Diluted HEPS (cents)	3.4	(9.7)	(385.3)	(9.7)	(385.3)	(13.1)	(485.3)	(16.5)	(585.3)
NAVPS (cents)	168.4	68.0	(59.6)	75.9	(54.9)	78.9	(53.1)	85.3	(49.3)
NTAVPS (cents)	45.8	21.6	(52.8)	29.5	(35.6)	22.8	(50.2)	14.3	(68.8)
Weighted average number of shares in issue ('000)	287 129	287 129	-	287 129	-	237 032	(17.4)	186 935	(34.9)
Diluted weighted average number of shares in issue ('000)	289 656	289 656	-	289 656	-	239 559	(17.3)	189 462	(34.6)
Number of shares in issue net of treasury shares held ('000)	288 911	288 911	-	288 911	-	238 814	(17.3)	188 717	(34.7)

Notes and assumptions:

- Based on the Interim Results.
- On the assumption that the Scheme took place on 1 October 2010 for condensed consolidated income statement purposes and on 31 March 2011 for condensed consolidated statement of financial position purposes.
- Based on the assumption that the Continuation Election is made in respect of 50% of the Shares (which Shares exclude the Irrevocable Shares and treasury Shares), and 50 097 054 Shares are re-acquired and shall have the same status as shares that have been authorised but not issued. On this basis, 16.98% of the Shares in the issued share capital of UCS will be re-acquired by UCS.
- Based on the assumption that no Continuation Elections are received and 100 194 108 Shares (which Shares exclude the Irrevocable Shares and treasury Shares) are re-acquired and shall have the same status as shares that have been authorised but not issued. On this basis, 33.96% of the Shares in the issued share capital of UCS will be re-acquired by UCS.
- The full *pro forma* consolidated statement of comprehensive income and statement of financial position and further notes on the Financial Effects are set out in Annexure 4 to this Circular, which should be read along with the limited assurance report of the Independent Reporting Accountant set out in Annexure 3 of this Circular.

20. HISTORICAL FINANCIAL INFORMATION

Extracts of the Interim Results and the consolidated audited results of UCS for the years ended 30 September 2010, 2009, 2008 and 2007 are set out in Annexures 8 and 9 to this Circular.

21. MATERIAL CHANGES

Save for the changes mentioned below, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the publication of the Interim Results and at the Last Practicable Date:

- 21.1** the conclusion of the Disposal and the Unbundling which substantially reduced the NAVPS of the Group as well as the sustainable earnings generation capability reported to Shareholders in previous market announcements;
- 21.2** the conclusion of the VeriFone Transaction which resulted in a substantial increase in the NAVPS as a consequence of additional cash proceeds received which has been reported to Shareholders in previous market announcements;
- 21.3** part of the upside pertaining to the disposal of UCS' shareholding in TSS Managed Services (Proprietary) Limited was realised, which has been reported to Shareholders in previous market announcements; and
- 21.4** as a consequence of the Independent Expert's valuation process of the Remaining Businesses which was updated as part of the fairness opinion process during the month of July 2011, there is an indication as contemplated in IAS 36 *Impairment of Assets* that certain intangibles assets carried on the UCS balance sheet arising from acquisitions which became effective in the second half of the 2010 financial year and accounted for under the "software" segment of the Group are impaired. Certain of these assets were acquired on a deferred payment basis, subject to the achievement of warranted profits. It is expected that forecasts for these entities for the year ending 30 September 2011 will not be met and therefore an impairment relating to these assets is likely. The downgrade in revenue and resultant profits of these entities is partially as a consequence of changes in the customer base and also as a result of the current variable local and international market conditions.

This explains the difference between the NAVPS after the Disposal and Unbundling and the VeriFone Transaction of 75.9 cents per Share as reflected in the Financial Effects and the fairness valuation range of 50.9 cents and 65.5 cents per Share as reported on by the Independent Expert in Annexure 1 of this Circular. There was no indication of impairment regarding the aforementioned intangible assets when finalising the Interim Results and therefore no impairment loss was recognised in the Interim Results.

The process for measuring and recognising impairment loss under IAS 36 *Impairment of Assets* will be followed when finalising the audited UCS consolidated results for the year ending 30 September 2011, and if/where required, an impairment loss will be recognised.

22. 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 twelve months, a material effect on the Group's financial position.

23. EXPENSES

It is estimated that the total expenses relating to the Scheme will amount to approximately R4 433 171 (excluding VAT). Payment will be made to the following parties according to the amounts indicated.

Party	Rand (excluding VAT)
Attorneys – Glyn Marais Inc.	400 000
Cash confirmation fee – Nedbank Limited	538 345
Corporate Advisor and Sponsor – One Capital	2 000 000
Independent Reporting Accountants – Deloitte & Touche	175 000
Independent Expert – KPMG	600 000
JSE documentation fee	27 635
Printing and publishing – INCE	392 191
Tax Advisor – Bowman Gilfillan Inc.	200 000
Takeover Panel documentation fee	100 000
Total	4 433 171

24. DELISTING OF SHARES

Shareholders have the option of retaining their Shares in UCS as an unlisted entity following the Delisting by electing the Continuation Election. The nature of UCS' business will not change significantly pursuant to the Delisting and the executive Board will be considered in the light of the governance requirements for an unlisted but public interest company in accordance with the Companies Act requirements following the Delisting.

The unlisted environment may not meet certain Shareholders' investment objectives and these Shareholders are given the opportunity to dispose of their Shares in UCS prior to the Delisting in terms of the Scheme.

25. TAX IMPLICATIONS

The tax implications of the Scheme on Shareholders will depend on the individual circumstances of each Shareholder. Accordingly, Shareholders are advised to obtain independent tax advice in relation to the tax implications of the Scheme.

26. CASH CONFIRMATION

The Takeover Panel has been provided with an irrevocable guarantee by Nedbank Limited, in accordance with regulations 111(4) and 111(5) of the Companies Regulations, on behalf of UCS, that sufficient resources are available and will be available to UCS to satisfy the Scheme Consideration payable in respect of the Scheme Shares pursuant to the Scheme.

27. IRREVOCABLE UNDERTAKINGS

Details of the Irrevocable Undertakings in terms of which the Irrevocable Parties have undertaken, *inter alia*, to vote in favour of the resolutions pertaining to the Scheme and Delisting and/or to make the Continuation Election are set out below:

	Number of Shares subject to the Irrevocable Undertakings	Percentage holding (%)	Number of Shares held as at the Last Practicable Date	Percentage holding (%)
Betsie en Andries du Toit Trust ⁽¹⁾	1 679 799	0.57	1 679 799	0.57
D C Sparrow ⁽¹⁾	500 000	0.17	500 000	0.17
D F Coles ⁽¹⁾	4 945 000	1.68	4 945 000	1.68
The J D Bright Family Trust ⁽¹⁾	31 400 000	10.64	31 400 000	10.64
J D Bright ⁽¹⁾	8 866 476	3.01	8 866 476	3.01
J P Fortuin ⁽¹⁾	362 001	0.12	362 001	0.12
K R Gray ⁽¹⁾	178 250	0.06	178 250	0.06
M Hyslop ⁽¹⁾	177 500	0.06	177 500	0.06
Meromate Investments Proprietary) Limited ⁽¹⁾	10 596 495	3.59	10 861 993	3.68
Oasis Funds ⁽¹⁾	32 464 235	11.00	32 464 235	11.00
P Michelson ⁽¹⁾	4 500 000	1.53	4 800 000	1.63
Rand Merchant Bank (a division of the First Rand Group Limited) ⁽¹⁾	33 858 006	11.48	33 858 006	11.48
The Bianciaran Trust ⁽¹⁾	1 612 295	0.55	1 612 295	0.55
The EH McCann Family Trust ⁽¹⁾	3 127 500	1.06	3 127 500	1.06
The Sparrow Trust ⁽¹⁾	2 051 369	0.70	2 051 369	0.70
The Suedun Trust ⁽¹⁾	22 660 000	7.68	22 660 000	7.68
The Warrow Trust ⁽¹⁾	7 090 000	2.40	7 090 000	2.40
TSS ⁽¹⁾	27 022 446	9.16	27 022 446	9.16
Subtotal	193 091 372	65.46	193 656 870	65.65

	Number of Shares subject to the Irrevocable Undertakings	Percentage holding	Number of Shares held as at the Last Practicable Date	Percentage holding
Steyn Capital Management (Proprietary) Limited ⁽²⁾	10 930 544	3.70	5 773 595	1.96
Coronation Asset Management (Proprietary) Limited ⁽²⁾	4 377 957	1.48	4 304 957	1.46
Total	208 399 873	70.64	203 735 422	69.07

Notes:

1. Parties who have provided UCS with Irrevocable Undertakings to vote in favour of the resolutions pertaining to the Scheme and Delisting and to make the Continuation Election.
2. Parties who have provided UCS with Irrevocable Undertakings to vote their Shares, held on the Scheme Voting Record Date, in favour of the resolutions pertaining to the Scheme and Delisting only. The Irrevocable Undertakings entered into by these parties do not restrict them from trading in Shares prior to the Scheme Voting Record Date.
3. Based on 295 038 377 Shares in issue on the Last Practicable Date.

Details of dealings in Shares by the Irrevocable Parties for the period commencing six months prior to the Offer Period and ending on the Last Practicable Date are set out in Annexure 7 to this Circular.

28. OPINIONS AND RECOMMENDATIONS

28.1 Report of the Independent Expert

The report of the Independent Expert prepared in accordance with section 114(3) of the Companies Act and regulation 90 of the Companies Regulations is provided in Annexure 1 to this Circular.

Having considered the terms and conditions of the Scheme and Delisting and based upon and subject to the terms and conditions set out in the report of the Independent Expert contained in Annexure 1 to this Circular, the Independent Expert has concluded that:

- the terms and conditions of the Scheme and Delisting in respect of the Scheme Consideration are fair and reasonable to Shareholders; and
- the terms and conditions of the Scheme and Delisting in respect of the Continuation Election, based on quantitative considerations set out in the report, are not fair to Shareholders, but based on qualitative considerations set out in the report are reasonable in the circumstances.

28.2 View of the Independent Board and the Board

In passing the Board resolutions necessary to, *inter alia*, propose the Scheme and the Delisting and matters ancillary thereto and in terms of the provisions of regulation 108(8)(b)(ii) contained in the Companies Regulations, Messrs D F Coles and J D Bright have complied with the provisions of regulation 108(5) of the Companies Regulations, by, *inter alia*, recusing themselves from deliberations in respect of and voting on the Board resolutions.

The Independent Board, after due consideration of the report of the Independent Expert, has determined that it will place reliance on the valuation performed by the Independent Expert for the purposes of reaching its own opinion regarding the Scheme and the Scheme Consideration as contemplated in regulation 110(3)(b) of the Companies Regulations. The Independent Board has formed a view of the range of the fair value of the Shares, which accords with the valuation range contained in the report of the Independent Expert.

In forming its opinion, the Independent Board considered the factors which are difficult to quantify or are unquantifiable (as contemplated in regulation 110(6) of the Companies Regulations) as identified in the report of the Independent Expert.

The Independent Board is of the opinion that, after taking into consideration the opinion of the Independent Expert, the terms and conditions of the Scheme and Delisting in respect of the Scheme Consideration is fair and reasonable to Shareholders. Accordingly the Independent Board recommends to Shareholders to vote in favour of the Resolutions. All Directors who own Shares in their personal capacity, who are able to vote, intend to vote in favour of the Resolutions at the General Meeting and all the executive Directors have undertaken not to become Scheme Consideration Recipients by following the Continuation Election.

The Independent Board acknowledge that the Scheme Consideration represents a premium of 86.4% to the NTAVPS of 29.5 cents as at 31 March 2011 after the Disposal, the Unbundling and after the VeriFone Transaction. Whilst this is lower than the total NAVPS of 75.9 cents, the Independent Board believes this difference appropriately reflects the risks inherent in the intangible assets reflected on the condensed consolidated statement of financial position. These risks are largely related to the future performance of previously concluded acquisitions, which in certain instances were structured on a deferred payment basis, subject to the achievement of warranted profits. Given the performance of these assets to date and based on revised forecasts which reflect a downgrade in revenue and profits associated with these assets, there is likely to be an impairment of the intangible assets originally recognised. Any impairment required will be recognised in September 2011, aligned with the Group's annual impairment and audit review.

Each of the non-independent members of the Board recommend that Shareholders vote in favour of the Scheme and Delisting at the General Meeting and, accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions at the General Meeting.

29. DIRECTORS' RESPONSIBILITY STATEMENT

The Independent Board and each of the non-independent members of the Board, whose names are given on page 14 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 that this Circular contains all information required by law, the Listings Requirements and the Companies Regulations.

30. CONSENTS

Each of the Corporate Advisor and Sponsor, Independent Reporting Accountants, Independent Expert, Tax Advisor, Transfer Secretary and Attorneys, 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.

31. GENERAL MEETING

The General Meeting of Shareholders will be held at the registered office of the Company at 20th Floor, 209 Smit Street, Braamfontein, on Thursday, 22 September 2011 at 10:00, to consider and, if deemed fit, to pass, with or without modification, the resolutions necessary to give effect, *inter alia*, to the Scheme, the Delisting, the Name Change, the authorisation for financial assistance by the Company and approval for the remuneration of Directors for their services as directors as detailed in the Circular. A Shareholder entitled to attend, speak and vote at the General Meeting is entitled to appoint one or more proxies to attend, speak and vote in his or her stead. A proxy need not be a member of the Company. For the convenience of Certificated Shareholders and Dematerialised Shareholders with "own-name" registration, a Form of Proxy (*white*) is attached hereto. Duly completed Forms of Proxy (*white*) must be lodged with the Transfer Secretary at either of the below addresses at any time before the commencement of the General Meeting (or any adjournment of the General Meeting), or handed to the Chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting), provided that, should a Shareholder lodge a Form of Proxy (*white*) with the Transfer Secretary at either of the below addresses less than 48 hours before the General Meeting, such Shareholder will also be required to furnish a copy of such Form of Proxy (*white*) to the Chairman of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

Dematerialised Shareholders without "own-name" registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their custody agreement with their CSDP or Broker. Dematerialised Shareholders without "own-name" registration who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

32. 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, 22 September 2011:

- 32.1** the MOI and that of its subsidiaries;
- 32.2** the Interim Results;
- 32.3** the published consolidated audited results of UCS for the years ended 30 September 2010, 2009, 2008 and 2007;
- 32.4** the signed consent letters of the Attorney, Corporate Advisor and Sponsor, Independent Reporting Accountants, Independent Expert, Tax Advisor and Transfer Secretary;
- 32.5** the signed limited assurance report of the Independent Reporting Accountants on the Financial Effects;
- 32.6** a signed copy of this Circular;
- 32.7** the signed report of the Independent Expert;
- 32.8** the Irrevocable Undertakings as referred to in paragraph 27 of this Circular;
- 32.9** a signed copy of the Exchange Control approval letter;
- 32.10** the agreement entered into between TSS and UCS as referred to in paragraph 17 of this Circular;
- 32.11** a copy of the irrevocable guarantee from Nedbank Limited; and
- 32.12** copies of the Directors' service contracts as referred to in paragraph 15 of this Circular.

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

Duncan Coles
Chairman

John Bright
Chief Executive Officer

Monday, 22 August 2011
Johannesburg

INDEPENDENT FAIR AND REASONABLE OPINION OF THE INDEPENDENT EXPERT

"The Directors
UCS Group Limited
PO Box 31266
Braamfontein
2017

15 August 2011

Dear Sirs

Independent fair and reasonable opinion regarding the proposed scheme and delisting of UCS Group Limited from the Main Board of the JSE Limited

Introduction

In announcements published on 30 and 31 May 2011, UCS Group Limited ("UCS" or "the Company") advised shareholders of its intention to delist from the Main Board of the JSE Limited ("JSE") ("the Delisting").

The UCS Board of Directors ("the UCS Board") has resolved that it will propose a scheme of arrangement, in terms of section 114 of the Companies Act, No 71 of 2008, as amended ("the Companies Act") between UCS and its shareholders in terms of which UCS will re-acquire all or part of the shares held directly or indirectly by its shareholders ("the Scheme") and to implement the Delisting.

In terms of the Scheme, shareholders may elect to have UCS re-acquire some or all of their shares in the Company ("the Exit Election") for a cash consideration of 55 cents per share ("the Scheme Consideration") or elect to retain some or all of their shares in UCS following the Delisting ("the Continuation Election").

If no election is made, those shareholders will be deemed to have elected the Exit Election and UCS will re-acquire their shares.

Full details of the Scheme and Delisting, (collectively "the Transaction") are contained in the circular to UCS shareholders ("the Circular") to be dated on or about 22 August 2011, which will include a copy of this letter.

The material interests of the directors of UCS and the effect of the Scheme on those interests and persons are set out in sections 11, 12 and 27 of the Circular.

Copies of sections 115 and 164 of the Companies Act are set out in Annexure 6 of the Circular.

Scope

In terms of paragraph 1.14(d) of the JSE Listings Requirements, as UCS is seeking to voluntarily terminate the listing of its securities, an offer must be made to all shareholders. The details of the offer are to be included in a circular to shareholders which must include a statement by the board of directors confirming that the offer is fair insofar as the shareholders of the issuer (UCS) are concerned, and that the board of directors has been so advised by an independent expert acceptable to the JSE.

In addition, an independent fair and reasonable opinion is required to be obtained by the UCS Board in terms of section 114 of the Companies Act with regard to the Scheme.

Section 114 provides that the company must retain an independent expert to compile a report to the board concerning the proposed arrangement.

KPMG Services (Proprietary) Limited ("KPMG") has been appointed by the UCS Board as the independent professional expert to advise on whether the terms and conditions of the Transaction are fair and reasonable to the shareholders of UCS.

Responsibility

The compliance with the JSE Limited Listings Requirements and Companies Act are the responsibility of the UCS Board. Our responsibility is to report on the terms and conditions of the Transaction.

We confirm that our fair and reasonable opinion has been provided to the UCS Board for the sole purpose of assisting the UCS Board in forming and expressing an opinion for the benefit of UCS shareholders.

Definition of the terms "fair" and "reasonable"

A transaction will generally be considered fair to a company's shareholders if the benefits received by the shareholders, as a result of the transaction, are equal to or greater than the value surrendered by the shareholders.

The assessment of fairness is primarily based on quantitative issues. The Transaction may be considered fair if the consideration received by UCS shareholders, being either the Scheme Consideration or shares retained in the unlisted UCS, is considered to be equal to or greater than the value surrendered by UCS shareholders in terms of the Transaction.

The assessment of reasonableness is generally based on qualitative considerations surrounding the transaction. Hence, even though the consideration received by UCS shareholders may be less than the value surrendered by UCS shareholders, the Transaction may still be reasonable in certain circumstances after considering other significant qualitative factors.

Information utilised and procedures performed

Key fairness considerations

In arriving at our opinion we have undertaken the following procedures in evaluating the fairness of the Transaction:

- obtained an understanding of the structure of the Transaction;
- reviewed the terms and conditions of the Transaction;
- considered the audited consolidated financial statements of UCS for the financial year ended 30 September 2010;
- considered the audited financial statements of the underlying entities within the UCS group for the financial year ended 30 September 2010;
- considered the unaudited consolidated management accounts of UCS and the unaudited management accounts of the underlying entities within the UCS group as at 30 June 2011;
- held discussions with the directors and management of UCS to establish its strategy and considered such other matters as we consider necessary, including assessing the prevailing economic, legal and market conditions which may affect the underlying value of the UCS group;
- evaluated the risks and expected returns associated with UCS and its underlying entities;
- reviewed the UCS management forecast financial models ("the financial models") for UCS and its underlying entities and the basis of the assumptions therein including the prospects of the businesses. This review included an assessment of the entities' recent historical performance to date as well as the reasonableness of the outlook assumed based on discussions with management;
- reviewed the reasonableness of material assumptions in the financial models relating to revenue growth, operating expenses, profit margins and capital expenditure;
- reviewed certain publicly available information relating to UCS, including Company announcements, analyst reports and media articles;
- compared the 12-month historical share price movement of UCS to shares of comparable companies in order to assess the relative trading activities, liquidity and volatility of UCS shares;
- based on the above, performed a valuation of the equity of UCS;
- considered any other anticipated effects of the Transaction to the extent that they represent additional net quantifiable benefits to the shareholders; and

- considered the value implications if UCS were to be delisted from the Main Board of the JSE. This included understanding any changes in the group's structure and business model going forward and, to the extent quantifiable, potential cost savings and the increased liquidity constraints inherent in the unlisted UCS shares.

Valuation

We determined the value of the equity of UCS on a net asset basis after taking into account our valuation of its investment (equity and loans) in the underlying entities below:

Operating companies

- Argility (Proprietary) Limited ("Argility");
- Aquitec UK Limited and UCS USA Incorporated (Trading as Aquitec USA);
- Cquential Solutions (Proprietary) Limited;
- GAAP Point-of-Sale (Proprietary) Ltd ("GAAP");
- Innervation Value Added Services (Proprietary) Limited ("Innervation");
- UCS Dynamics Software Solutions (Proprietary) Limited;
- Universal Knowledge Software (Proprietary) Limited;
- Fernridge Consulting (Proprietary) Limited;
- Ultisales Retail Software (Proprietary) Limited;
- Volume and Affinity Risk Management (Proprietary) Limited;
- WiWallet Mobile Payments (Proprietary) Limited; and
- 4Life Program (Proprietary) Limited.

Non-trading/dormant companies

- UCS Brands (Proprietary) Limited;
- UCS Staff Share Trust;
- UCS Business Support Services (Proprietary) Limited;
- UCS Mobiliti (Proprietary) Limited;
- Computerkit Holdings (Proprietary) Limited;
- UCS Software (Proprietary) Limited;
- UCS Solutions Holdings (Proprietary) Limited;
- Affinity Logic Management Services (Proprietary) Limited;
- Quadrant Consulting (Proprietary) Limited;
- Universal Computer Software UK Limited;
- Argility UK Limited; and
- UCS Software Manufacturing (Proprietary) Limited.

The discounted cash flow ("DCF") methodology is the preferred valuation methodology when valuing businesses on a going concern basis in this context. However, in certain circumstances where, for example, there are no reliable forecasts, the DCF methodology may not be appropriate and may produce valuation results that are neither reliable nor meaningful. In these instances, methodologies other than the DCF methodology are considered more appropriate and reliable in determining a value for the business.

Forecasts were available for Argility, GAAP, and Innervation ("Operating Entities"), the largest operating companies, by revenue, number of employees and intellectual property assets. In addition, these are the companies that will enhance the group's ability to realise synergies between its entities over time. Therefore, these three entities that are forecast to contribute approximately 74% of the group's forecast revenue for the year ending 30 September 2011 were valued using the DCF methodology as the primary valuation methodology.

The DCF methodology was supported by the capitalisation of maintainable earnings as the secondary valuation methodology.

The group's operations largely comprise developing entities, hence management's immediate focus on achieving monthly profitability as set out in the Circular. As a consequence, reliable, detailed forecasts were not available for the majority of these companies.

For the aforementioned reasons, the DCF methodology was not considered an appropriate methodology for valuing the remaining operating entities ("Remaining Operating Entities").

Therefore, the capitalisation of maintainable earnings ("Maintainable Earnings") methodology, using a combination of equity value/revenue and enterprise value/earnings-before-interest-depreciation-and-amortisation ("EBITDA") multiples, was applied.

- In this regard we considered the traded equity value/revenue and enterprise value/EBITDA multiples of similar listed companies ("Comparators") and made adjustments for factors specific to each entity. In making these adjustments we also considered the development stage and forecast growth of each entity relative to the Comparators;
- The adjusted multiples were then applied to the forecast maintainable revenue and EBITDA respectively;
- Forecast maintainable revenue and EBITDA were determined taking into account the track record, outlook, pipeline and critical success factors in respect of each entity;

The use of both revenue and EBITDA multiples takes into account the potential upside in these entities and the profitability of the companies recognising that, to date, revenues have not necessarily translated to profits.

The group's dormant and non-trading entities were valued on a net asset basis. We determined that the reported values of the assets and liabilities were reasonable and did not require further adjustment. Based on our analysis, the assets and liabilities of the dormant and non-trading entities primarily comprise intercompany loans that will be eliminated on consolidation.

The valuations of the operating entities were performed taking cognisance of risk and other market and industry factors affecting the entities.

The key internal drivers in the valuations include the successful development of software technology and the taking-up of such technology by customers.

Key external value drivers to the valuations include the general prevailing economic conditions, e.g. the risk free rate and trading multiples of Comparators, as well as market conditions, e.g. local and international retail market conditions and, hence, demand for UCS services or products.

In addition, sensitivity analyses were performed considering key assumptions, including revenue growth, operating expenses and profit margins in arriving at a valuation range.

In undertaking the valuation exercise above, we determined a valuation range for UCS's shares of 50.9 cents to 65.5 cents per ordinary share with a most likely value of 58.2 cents per ordinary share.

Based on the most likely value above, the components of the group's value are as follows:

Description	%
Cash ⁽¹⁾	46.9
Potential cash upside ⁽²⁾	15.2
The Operating Entities valued using the DCF methodology	22.1
The Remaining Operating Entities valued using the Maintainable Earnings methodology	20.3
Other (head office, dormant and non-trading entities)	(4.5)
Total	100.0

Notes:

1. This relates to cash received following UCS's sharing in the upside of the disposal by Business Connexion Group Limited of its interests in Destiny Electronic Commerce (Proprietary) Limited to VeriFone Singapore PTE Limited and part of the upside pertaining to the disposal of UCS' shareholding in TSS Managed Services (Proprietary) Limited, details of which were referred to in the announcement dated 30 May 2011.
2. This relates to the potential cash upside pertaining to the disposal by UCS of the enterprise services business to HCL Axon (Proprietary) Limited (expected to be realised in September 2011 or October 2011, and part of the upside pertaining to the disposal of UCS' shareholding in TSS Managed Services (Proprietary) Limited (expected to be realised in September 2011) details of which were referred to in the announcement dated 30 May 2011.

For JSE purposes our opinion is limited to the fairness of the terms and conditions of the offer made to shareholders in respect of re-acquisition of the shares by the Company, i.e. the Scheme Consideration. However, for the purposes of the Takeover Regulations Panel ("TRP"), we also considered the reasonableness of those term and conditions.

In addition, as required by the TRP, we considered the fairness and reasonableness of the terms and conditions of the Continuation Election as set out below.

It is our understanding that following the Delisting, there is no anticipated material change in UCS's business model. Consequently, the same value drivers and assumptions used in valuing the listed group were applied in determining the value of the shares in the unlisted UCS. However, in addition, we engaged with management to ascertain and calculate the quantum of any savings and benefits to be derived as well as any additional costs to be incurred by the unlisted group. In particular, we considered the transaction costs, cost savings and liquidity.

Based on the above, we determined a valuation range of 46.5 cents to 59.5 cents per ordinary unlisted UCS share with a most likely value of 53.0 cents per ordinary share. The reduced liquidity of the unlisted shares is the primary contributor to the lower value of these shares relative to the listed UCS shares.

The valuations above are provided solely in respect of this fair and reasonable opinion and should not be used for any other purposes.

Key qualitative considerations

In arriving at our opinion, we have also considered the following key qualitative considerations in evaluating the reasonableness of the Transaction:

- the rationale for the Transaction as set out in the Circular;
- our understanding of the Transaction process and of the extent of the negotiations and resulting agreements in respect of the Transaction;
- the Scheme Consideration and the fair value of the unlisted shares are at a premium to the closing price of the UCS shares immediately prior to the announcement regarding the Delisting published on the JSE's Securities Exchange News Service ("SENS") on 30 May 2011.

Specifically in respect of the Continuation Election, we considered the following qualitative factors to assess its reasonableness:

- the Continuation Election is an option available to shareholders in addition to the Scheme Consideration option and the shareholder has the flexibility to choose either one;
- for an investor with a long-term view of an investment in the unlisted UCS, less emphasis would be placed on the illiquidity of the unlisted shares;
- the greater shareholder involvement, typical in an unlisted environment, may result in benefits for an unlisted UCS that are not available to the listed group presently.

Opinion

KPMG has considered the terms and conditions of the Transaction, in respect of the Scheme Consideration and the Continuation Election.

Based upon and subject to the conditions set out herein, KPMG is of the opinion that the terms and conditions of the Transaction in respect of the Scheme Consideration of 55 cents per share are fair and reasonable to the UCS ordinary shareholders.

Based upon and subject to the conditions set out herein, KPMG is of the opinion that the terms and conditions of the Transaction in respect of the Continuation Election, based on the quantitative considerations above, are not fair to the UCS ordinary shareholders. However, based on the qualitative considerations set out above, we are of the opinion that the terms and conditions of the Continuation Election are reasonable in the circumstances.

Our opinion is necessarily based upon the information available to us up to 12 August 2011, including in respect of the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us at the date thereof. We have furthermore assumed that all conditions precedent, including any material regulatory, other approvals and consents required in connection with the Transaction have been or will be timeously fulfilled and/or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Limiting conditions

This opinion is provided to the UCS Board in connection with and for the purposes of the Transaction. This opinion is prepared solely for the UCS Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights. This opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of UCS shareholders. Should a UCS shareholder be in doubt as to what action to take, he or she should consult an independent advisor.

An individual UCS shareholder's decision as to whether to vote in favour of any transaction may be influenced by his particular circumstances. The assessment as to whether or not the UCS Board decides to recommend the Transaction is a decision that can only be taken by the UCS Board.

We have relied upon and assumed the accuracy of the information used by us in deriving our opinion. Where practical, we have corroborated the reasonability of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management of UCS, by reference to publicly available or independently obtained information. While our work has involved an analysis of, *inter alia*, the annual financial statements and other information provided to us, our engagement does not constitute, nor does it include, an audit conducted in accordance with generally accepted auditing standards.

Where relevant, the forecasts of UCS relate to future events and are based on assumptions that may or may not remain valid for the whole of the forecast period. Consequently, such 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 the actual future results of UCS will correspond to those projected. Where practicable, we compared the forecast financial information to past trends and third-party estimates as well as discussing the assumptions inherent therein with the management of UCS. On the basis of these enquiries and such other procedures we consider appropriate to the circumstances, we believe that the forecasts have been prepared with due care and consideration.

We have also assumed that the Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by, representatives and advisors of UCS and we express no opinion on such consequences. We have assumed that all agreements that will be entered into in respect of the Transaction will be legally enforceable.

Independence, competence and fees

We confirm that we have no direct or indirect interest in UCS shares or the Transaction. We also confirm that we have the necessary qualifications and competence to provide the fair and reasonable opinion on the Transaction.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the Transaction.

Consent

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

Yours faithfully

Olivia Makhetha

Director – Corporate Finance

KPMG Services (Proprietary) Limited

KPMG Crescent

85 Empire Road

Parktown

2193"

DETAILS OF DIRECTORS

Executive

Name and age D F Coles (63)
 Business address 28th Floor, 209 Smit Street, Braamfontein
 Qualification MCSSA
 Position Executive Chairman – UCS

Name and age J D Bright (64)
 Business address 28th Floor, 209 Smit Street, Braamfontein
 Qualification N/A
 Position Chief Executive Officer – UCS

Name and age J P Fortuin (30)
 Business address 28th Floor, 209 Smit Street, Braamfontein
 Qualification CA(SA)
 Position Chief Financial Officer – UCS

Name and age D C Sparrow (36)
 Business address 28th Floor, 209 Smit Street, Braamfontein
 Qualification CA(SA)
 Position Deputy Chief Executive Officer – UCS

Name and age N A Michelson (53)
 Business address 28th Floor, 209 Smit Street, Braamfontein
 Qualification CA(SA)
 Position Commercial Director – UCS

Non-executive

Name and age M P R Morojele (52)
 Business address 39 Sandpiper Crescent, Table View, 7441
 Qualification HND, B.Sc.; M.Sc.; MBA, CA (Lesotho)
 Position Independent non-executive Director – UCS
 Principal activities Chairman: Audit Committee

Name and age B P Hattingh (55)
 Business address 1 Ann Crescent, Strathavon, Sandton, 2196
 Qualification Post Graduate Diploma in Business Information
 Position Non-executive Director – UCS
 Principal activities Member: Remuneration Committee

Name and age P Terblanche (67)
 Business address 10983 Steenberg Estate, Tokai Road, Tokai, 7945
 Qualification N/A
 Position Non-executive Director – UCS
 Principal activities Chairman: Remuneration Committee
 Member: Audit Committee

Name and age V Chetty (41)
 Business address 1st Floor, 24 Hurlingham Road, Illovo Boulevard, Illovo, 2132
 Qualification BA (Law), LLB.LLM
 Position Independent non-executive Director – UCS
 Principal activities N/A

Name and age	J R Claassen (52)
Business address	1018 Hyde Avenue, Eldoraigne, Centurion
Qualification	National Diploma in Telecommunications; National Diploma in Management Principles and Practice
Position	Independent non-executive Director – UCS
Principal activities	Member: Remuneration Committee
Name and age	R G Goodman (53)
Business address	40 Queen Victoria Street, Cape Town
Qualification	SC BA LLB
Position	Independent non-executive Director – UCS
Principal activities	Member: Audit Committee

LIMITED ASSURANCE REPORT OF THE INDEPENDENT REPORTING ACCOUNTANTS ON THE FINANCIAL EFFECTS

The definitions and interpretations commencing on page 9 of this Circular apply to this Annexure.

"The Directors
UCS Group Limited
28th Floor
209 Smit Street
Braamfontein
Johannesburg
2001

15 August 2011

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL EFFECTS OF THE UNAUDITED CONSOLIDATED INCOME STATEMENT AND CONDENSED CONSOLIDATED 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 condensed consolidated statement of financial position and condensed consolidated income statement (collectively "the *pro forma* financial information") of UCS set out in paragraph 19 and Annexure 4 of this Circular to be issued on or about 22 August 2011 ("the Circular"), issued in connection with the proposed Scheme between UCS and Shareholders in terms of which UCS will propose to re-acquire the Scheme Shares and to implement the Delisting.

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 Scheme might have affected the reported financial information, had the Scheme been undertaken on 1 October 2010 for statement of comprehensive income purposes and 31 March 2011 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 Scheme.

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 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, 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."

PRO FORMA FINANCIAL INFORMATION OF UCS

The definitions and interpretations commencing on page 9 of this Circular apply to this Annexure.

These Financial Effects have been prepared for illustrative purposes only, in order to provide information about how the Scheme might have affected Shareholders had the Scheme been implemented on the dates indicated in the notes below. Because of its nature, the Financial Effects may not fairly present UCS's financial position nor the effect and impact of the Scheme going forward.

The Financial Effects of the Disposal and Unbundling and the VeriFone Transaction have been included to reflect the impact on the Interim Results as these transactions became effective after 31 March 2011. 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 Interim Results.

The Board is responsible for the compilation, contents and preparation of the Financial Effects contained in this Circular and for the financial information from which it has been prepared. Their responsibility includes determining that the Financial Effects have 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 Financial Effects disclosed in terms of the Listings Requirements.

The Independent Reporting Accountants' limited assurance report on the Financial Effects relating to the Scheme is set out in Annexure 3 of this Circular.

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2011

	Before Reviewed 6 months 31/03/2011 R'000	Disposal Entities earnings reversal R'000	Pro forma Adjustments R'000	After the Disposal and after the Unbundling R'000	VeriFone Transaction R'000	After the VeriFone Transaction R'000	The Scheme Scenario 1 R'000	After the Scheme Scenario 1 ^(d) R'000	The Scheme Scenario 2 R'000	After the Scheme Scenario 2 ^(e) R'000
CONTINUING OPERATIONS										
Revenue	190 604		8 580 ^(b)	199 184		199 184		199 184		199 184
Profit from operations before interest, amortisation, depreciation, foreign exchange differences, research and development and restructuring costs	21 046		301^(c)	21 347		21 347	(4 433)⁽⁴⁾	16 914	(4 433)⁽⁴⁾	16 914
Amortisation of intangible assets	(13 516)			(13 516)		(13 516)		(13 516)		(13 516)
Depreciation of property, plant and equipment (including rental equipment)	(10 205)			(10 205)		(10 205)		(10 205)		(10 205)
Foreign exchange differences	(1 801)			(1 801)		(1 801)		(1 801)		(1 801)
Research and development expenditure	(3 197)			(3 197)		(3 197)		(3 197)		(3 197)
Restructuring costs	(17 375)			(17 375)		(17 375)		(17 375)		(17 375)
Loss before net finance charges and taxation	(25 048)		301	(24 747)		(24 747)	(4 433)	(29 180)	(4 433)	(29 180)
Net finance charges	(1 407)			(1 407)		(1 407)		(1 407)		(1 407)
Finance charges	(2 333)			(2 333)		(2 333)		(2 333)		(2 333)
Investment revenues	926			926		926		926		926
Loss before taxation	(26 455)		301	(26 154)		(26 154)	(4 433)	(30 587)	(4 433)	(30 587)
Taxation	(1 240)		-	(1 240)		(1 240)	1 241 ^{(4)(e)}	1	1 241 ^{(4)(e)}	1
Current	(1 470)			(1 470)		(1 470)	-	(1 470)	-	(1 470)
Deferred	230			230		230	1 241	1 471	1 241	1 471

	Before Reviewed 6 months 31/03/2011 R'000	Disposal Entities earnings reversal R'000	Pro forma Adjustments R'000	After the Disposal and after the Unbundling R'000	VeriFone Transaction R'000	After the VeriFone Transaction R'000	The Scheme Scenario 1 R'000	After the Scheme Scenario 1 ^{(4)(d)} R'000	The Scheme Scenario 2 R'000	After the Scheme Scenario 2 ^{(4)(e)} R'000
(Loss)/profit for the period from continuing operations	(27 695)		301	(27 394)		(27 394)	(3 192)	(30 586)	(3 192)	(30 586)
DISCONTINUED OPERATIONS										
Profit for the period from discontinued operations	40 179	(40 179) ^{(2)(a)}	246 520 ^{(2)(a)}	246 520	22 837 ^{(3)(b)}	269 357		269 357		269 357
Profit for the period	12 484	(40 179)	246 821	219 126	22 837	241 963	(3 192)	238 771	(3 192)	238 771
Attributable to:										
Owners of the Company	9 612	(38 152)	246 821	218 281	22 837	241 118	(3 192)	237 926	(3 192)	237 926
Non-controlling interest	2 872	(2 027)		845		845		845		845
	12 484	(40 179)	246 821	219 126	22 837	241 963	(3 192)	238 771	(3 192)	238 771
EPS (cents)	3.3			76.0		84.0		100.4		127.3
Diluted EPS (cents)	3.3			75.4		83.2		99.3		125.6
HEPS (cents)	3.4			(9.8)		(9.8)		(13.2)		(16.8)
Diluted HEPS (cents)	3.4			(9.7)		(9.7)		(13.1)		(16.5)
Weighted average number of ordinary shares in issue ('000)	287 129			287 129		287 129		237 032		186 935
Diluted weighted average number of ordinary shares in issue ('000)	289 656			289 656		289 656		239 559		189 462

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

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

1. The *pro forma* condensed consolidated income statement is based on the reviewed income statements for UCS and the Disposal Entities for the six months ended 31 March 2011 and that the Disposal, the Unbundling and the Scheme took place on 1 October 2010.
2. The "After the Disposal and after the Unbundling" calculations take into account the following adjustments and related assumptions:
 - a. the reversal of the earnings relating to the Disposal Entities;
 - b. the reversal of inter-company revenue eliminations between the Disposal Entities and the remaining subsidiary companies in UCS;
 - c. 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;
 - d. A total purchase consideration of R508.801 million comprising:
 - i. 101 243 118 BCG ordinary shares valued at BCG closing price on Monday, 23 May 2011, being the date of the Unbundling, of R4.86 per BCG share i.e. ordinary share consideration of R492.042 million;
 - ii. 25 033 334 million BCG "A" ordinary shares valued at BCG closing price on Monday, 23 May 2011, being R0.27 per BCG share i.e. and "A" ordinary share consideration of R6.759 million; and
 - iii. The receipt of the purchase consideration balance assuming the pre-determined targets are met.

After the realisation of R101.878 million goodwill, the applicable profit on sale of the Disposal Entities net of tax, where applicable, assuming the pre-determined targets are met and after the costs associated with the execution of the Disposal and Unbundling and the delivery of the pre-determined targets

Estimated transaction costs, which are once-off in nature

STC relating to a dividend paid by Destiny E-Commerce pre the effective date of the Disposal and Unbundling

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 (Proprietary) Limited

	R'000
	260 345
	(4 400)
	(700)
	(8 725)
	246 520

- e. 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 BCG consideration shares received by UCS in terms of the Disposal;
- f. the application of section 46 of the Income Tax Act whereby UCS unbundled all of the BCG equity consideration received in terms of the Disposal. Accordingly no CGT or STT and STC will be payable by UCS on the Unbundling; and
- g. income tax, where applicable, based on a statutory rate of 28%.
3. The "After the VeriFone Transaction and before The Scheme" calculations take into account the following adjustments and related assumptions:
 - a. to take account of the acquisition by BCG of the sale claims held by UCS against Destiny E-Commerce equal to the face value thereof being R44.896 million; and
 - b. based on the total consideration to be received by BCG for the sale of its 70% equity interest and sale claims to VeriFone Singapore being an amount of R255 million, to take account of the further purchase consideration payable to UCS on conclusion of the sale by BCG of its 70% equity interest and sale claims to VeriFone Singapore being R22.837 million after CGT.
4. The "After the Scheme Scenario 1 and 2" calculations take into account the following adjustments and related assumptions:

- a. the estimated transactions costs to execute the Scheme and Delisting being R4.4 million pre-tax;
 - b. cash arising from the VeriFone Transaction will be used to settle the Scheme Consideration, and therefore no *pro forma* adjustment has been made for interest forgone on the cash resources;
 - c. the taxation effect of the item noted in 4(a) above;
 - d. Based on the assumption that the Continuation Election is made in respect of 50% of the Shares (which Shares exclude the Irrevocable Shares and treasury Shares), and 50 097 054 Shares are re-acquired and shall have the same status as shares that have been authorised but not issued. On this basis, 16.98% of the Shares in the issued share capital of UCS will be re-acquired by UCS.
 - e. Based on the assumption that no Continuation Elections are received and 100 194 108 Shares (which Shares exclude the Irrevocable Shares and treasury Shares) are re-acquired and shall have the same status as shares that have been authorised but not issued. On this basis, 33.96% of the Shares in the issued share capital of UCS will be re-acquired by UCS.
5. The adjustments referred to in notes 2(a) and 2(b) are expected to have a continuing effect, as contemplated in paragraph 8.32 of the Listings Requirements, on UCS. All other adjustments referred to in the remaining notes are not expected to have a continuing effect on UCS i.e. are "once-off" in nature.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2011

	Before Reviewed 31/3/2011 R'000	Disposal Transaction R'000	After the Disposal and after the Unbundling Transaction R'000	VeriFone Transaction R'000	The Scheme Scenario 1 R'000	After the VeriFone Transaction R'000	The Scheme Scenario 1 R'000	After the Scheme Scenario 1 R'000	The Scheme Scenario 2 R'000	After the Scheme Scenario 2 R'000
			Notes		Notes			Notes		Notes
ASSETS										
Non-current assets	252 709	46 296	299 005	(48 614)	1 241	250 391	1 241	251 632	1 241	251 632
Property, plant and equipment (including rental equipment)	43 029	–	43 029	–	–	43 029	–	43 029	–	43 029
Intangible assets	106 975	–	106 975	–	–	106 975	–	106 975	–	106 975
Goodwill	27 074	–	27 074	–	–	27 074	–	27 074	–	27 074
Investments and loans receivable	40 184	44 896	85 080	(44 896)	–	40 184	–	40 184	–	40 184
Finance lease receivables	12 147	–	12 147	–	–	12 147	–	12 147	–	12 147
Deferred taxation assets	23 300	1 400	24 700	(3 718)	1 241	20 982	1 241	22 223	1 241	22 223
			2(a)					4(a)		5(a)
			2(b)							
Current assets	101 901	7 830	109 731	71 451	(31 986)	181 182	(31 986)	149 196	(59 540)	121 642
Inventories	6 841	–	6 841	–	–	6 841	–	6 841	–	6 841
Trade and other receivables	53 118	–	53 118	–	–	53 118	–	53 118	–	53 118
Finance lease receivables	4 017	–	4 017	–	–	4 017	–	4 017	–	4 017
Current taxation assets	5 386	–	5 386	–	–	5 386	–	5 386	–	5 386
Cash and cash equivalents	32 539	7 830	40 369	71 451	(31 986)	111 820	(31 986)	79 834	(59 540)	52 280
			2(c)					4(b)		5(b)
Assets classified as held for sale	584 111	(584 111)	–	–	–	–	–	–	–	–
			2(d)							
Total assets	938 721	(529 985)	408 736	22 837	(30 745)	431 573	(30 745)	400 828	(58 299)	373 274
EQUITY AND LIABILITIES										
Capital and reserves	513 993	(301 856)	212 137	22 837	(30 745)	234 974	(30 745)	204 229	(58 299)	176 675
Issued capital	39 158	–	39 158	–	(250)	39 158	(250)	38 908	(501)	38 657
Reserves	17 883	–	17 883	–	–	17 883	–	17 883	–	17 883
Retained earnings	429 476	(290 088)	139 388	22 837	(30 495)	162 225	(30 495)	131 730	(57 798)	104 427
Equity attributable to owners of the Company	486 517	(290 088)	196 429	22 837	(30 745)	219 266	(30 745)	188 521	(58 299)	160 967
Non-controlling interest	27 476	(11 768)	15 708	–	–	15 708	–	15 708	–	15 708
			2(e)					4(c)		5(c)
			2(f)							
Non-current liabilities	60 705	–	60 705	–	–	60 705	–	60 705	–	60 705
Borrowings	47 944	–	47 944	–	–	47 944	–	47 944	–	47 944
Deferred taxation liabilities	7 261	–	7 261	–	–	7 261	–	7 261	–	7 261
Deferred revenue	5 500	–	5 500	–	–	5 500	–	5 500	–	5 500

	Before Reviewed 31/3/2011 R'000	Disposal Transaction R'000	After the Disposal and after the Unbundling R'000	VeriFone Transaction R'000	After the VeriFone Transaction R'000	The Scheme Scenario 1 R'000	After the Scheme Scenario 1 R'000	The Scheme Scenario 2 R'000	After the Scheme Scenario 2 R'000
			Notes		Notes		Notes		Notes
Current liabilities	127 168	8 726	135 894	135 894	135 894	135 894	135 894	135 894	135 894
Trade and other payables	87 026	—	87 026	87 026	87 026	87 026	87 026	87 026	87 026
Borrowings	20 810	—	20 810	20 810	20 810	20 810	20 810	20 810	20 810
Current taxation liabilities	172	8 726	8 898	8 898	8 898	8 898	8 898	8 898	8 898
Deferred revenue	19 160	—	19 160	19 160	19 160	19 160	19 160	19 160	19 160
Liabilities directly associated with assets classified as held for sale	236 855	(236 855)	—	—	—	—	—	—	—
Total equity and liabilities	938 721	(529 985)	408 736	431 573	(30 745)	400 828	(58 299)	373 274	
NAVPS (cents)	168.4		68.0	75.9		78.9		85.3	
NTAVPS (cents)	45.8		21.6	29.5		22.8		14.3	
Ordinary shares in issue net of treasury shares held ('000)	288 911		288 911	288 911		238 814		188 717	

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:

- The *pro forma* statement of financial position takes into account the reviewed statements of financial position for UCS and the Disposal Entities for the six months ended 31 March 2011 and is based on the assumption that the Disposal, Unbundling, the VeriFone Transaction and the Scheme took place on 31 March 2011.
- The "After the Disposal and after the Unbundling" calculations take into account the following adjustments and related assumptions:
 - the reversal of elimination of inter-company loan owing by Destiny E-Commerce on de-consolidation, which loan was not included in the sale claims acquired by BCG;
 - to take account of the deferred taxation effects of the purchase consideration balance and costs associated with the execution of the Disposal and Unbundling and delivery of the pre-determined targets;
 - pre-effective date restructuring comprising loan account repayments by certain of the Disposal Entities;
 - to take account the disposal of the assets and liabilities of the Disposal Entities classified as held for sale in the reviewed statement of financial position as at 31 March 2011;
 - the net effect of equity attributable to owners of the Company, reconciled as follows:
 - to take account the applicable profit on sale of the Disposal Entities through profit and loss; and
 - to take account the effect of the Unbundling, based on 101 243 118 BCG ordinary shares and 25 033 334 BCG A ordinary shares at BCG closing price on the Unbundling date being Monday, 23 May 2011 of R4.86 and R0.27 respectively, unbundled to Shareholders on 23 May 2011.
 - the realisation of non-controlling interests in Destiny E-Commerce on de-consolidation; and
 - to take account the provision of 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 (Proprietary) Limited.

3. The "After the VeriFone Transaction" calculations take into account the following adjustments and related assumptions:
- to take account of the acquisition by BCG of the sale claims held by UCS against Destiny E-Commerce equal to the face value thereof;
 - to take account of the deferred taxation effects of the amount to be received by UCS from BCG of R26.554 million (after taking into account the settlement by BCG of the Destiny E-Commerce sale claim);
 - to take account of the amount to be received by UCS from BCG in accordance with the provisions of the agreement between UCS and BCG comprising the settlement of the Destiny E-Commerce sale claim and UCS share of the net proceeds of the VeriFone transaction, pre taxation settlements; and
 - the net effect of equity attributable to owners of the Company, reconciled as follows:
 - to take account of the applicable profit to be realised by UCS on the VeriFone Transaction;
 - to take account of the taxation effect on above.
- | |
|-----------------|
| 26 555 |
| <u>(3 718)</u> |
| <u>(22 827)</u> |
4. The "After the Scheme Scenario 1" takes into account the following:
- the deferred taxation effect of the estimated transaction costs of R4.4 million;
 - based on the assumption that the Continuation Election in respect of 50% of the Shares (which Shares exclude the Irrevocable Shares and treasury Shares), and 50 097 054 Shares are re-acquired and shall have the same status as shares that have been authorised but not issued and on this basis, 16.98% of the Shares in the issued share capital of UCS will be re-acquired by UCS;
 - the par value of the 50 097 054 Shares re-acquired; and
 - the net effect of equity attributable to owners of the Company reconciled as follows:
 - 50 097 054 Shares at the Scheme Consideration excluding the par value;
 - estimated transaction costs (net of tax).
- | |
|---------------|
| 27 303 |
| <u>3 192</u> |
| <u>30 495</u> |
5. The "After the Scheme Scenario 2" takes into account the following:
- the deferred taxation effect of the estimated transaction costs of R4.4 million;
 - based on the assumption that no Continuation Elections are received and 100 194 108 Shares (which Shares exclude the Irrevocable Shares and treasury Shares) are re-acquired and shall have the same status as shares that have been authorised but not issued and on this basis, 33.96% of the Shares in the issued share capital of UCS will be re-acquired by UCS;
 - the par value of the 100 194 108 Shares re-acquired; and
 - the net effect of equity attributable to owners of the Company reconciled as follows:
 - 100 194 108 Shares at the Scheme Consideration excluding the par value;
 - estimated transaction costs (net of tax).
- | |
|---------------|
| 54 606 |
| <u>3 192</u> |
| <u>57 798</u> |

FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

The definitions and interpretations commencing on page 9 of this Circular apply to this Annexure.

1. FOREIGN SHAREHOLDERS

The Scheme may be affected by the laws of the relevant jurisdiction of a Foreign Shareholder. A Foreign Shareholder should acquaint itself about and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this Circular that may affect it. It is the responsibility of each Foreign Shareholder to satisfy itself as to the full observance of the laws and regulatory requirements of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents, the making of any filings which may be required, the compliance with other necessary formalities and the payment of any taxes or other requisite payments due in such jurisdiction.

The Scheme is governed by the laws of South Africa and is subject to any applicable laws and regulations, including the Exchange Control Regulations.

Any Shareholder who is in doubt as to its position, including, without limitation, its tax status, should consult an appropriate independent professional advisor in the relevant jurisdiction without delay.

2. EXCHANGE CONTROL REGULATIONS

The following is a summary of the Exchange Control Regulations. It is intended as a guide only and is not a comprehensive statement of the Exchange Control Regulations which apply to Shareholders. Shareholders who have any queries regarding the Exchange Control Regulations should contact their own professional advisors without delay.

2.1 Residents of the Common Monetary Area

In the case of:

Certificated Shareholders whose registered addresses in the register are within the Common Monetary Area and whose Documents of Title are not restrictively endorsed in terms of the Exchange Control Regulations, the Scheme Consideration will be posted or transferred to such Shareholder by EFT (should this option have been selected in the Form of Election (*blue*));

Dematerialised Shareholders whose registered addresses in the register are within the Common Monetary Area and whose accounts with their CSDP or Broker have not been restrictively designated in terms of the Exchange Control Regulations, the Scheme Consideration will be credited directly to the accounts nominated for the relevant Shareholder by their duly appointed CSDP or Broker in terms of the provisions of the custody agreement with their CSDP or Broker.

2.2 Emigrants from the Common Monetary Area

2.2.1 The Scheme Consideration is not freely transferable from South Africa and must be dealt with in terms of the Exchange Control Regulations.

2.2.2 The Scheme Consideration due to a Certificated Shareholder who is an emigrant from South Africa, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited in a blocked Rand account with the authorised dealer in foreign exchange in South Africa controlling the Shareholders blocked assets in accordance with his instructions, against delivery of the relevant Documents of Title.

- 2.2.3** In terms of a recent relaxation to the exchange control rulings, emigrants may externalise the Scheme Consideration by making application to the Financial Surveillance Department of the South African Reserve Bank via the requisite authorised dealer channel. Previously, a 10% levy would have been payable on externalisation. This is however no longer the position and the Scheme Consideration may, on application, be externalised free of the levy.
- 2.2.4** The authorised dealer releasing the relevant Documents of Title in terms of the Scheme must countersign the Form of Election (*blue*) thereby indicating that the Scheme Consideration will be placed directly in its control.
- 2.2.5** The attached Form of Election (*blue*), makes provision for the details and signature of the authorised dealer concerned to be provided.

2.3 All other non-residents of the Common Monetary Area

- 2.3.1** The Scheme Consideration due to a Certificated Shareholder who is a non-resident of South Africa and who has never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited with the authorised dealer in foreign exchange in South Africa nominated by such Shareholder. It will be incumbent on the Shareholder concerned to instruct the nominated authorised dealer as to the disposal of the amounts concerned, against delivery of the relevant Documents of Title.
- 2.3.2** The Form of Election (*blue*) attached to this Circular makes provision for the nomination required in terms of paragraph 2.3.1 above. If the information regarding the authorised dealer is not given in terms of such paragraph 2.3.1, the Scheme Consideration will be held in trust by UCS for the Shareholders concerned pending receipt of the necessary information or instruction.

SECTION 115 AND SECTION 164 OF THE COMPANIES ACT

“115: Required approval for transactions contemplated in Part A

1. Despite section 65, and any provision of a company’s Memorandum of Incorporation, or any resolution adopted by its board or holders of its securities to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
 - (a) the disposal, amalgamation or merger, or scheme of arrangement:
 - (i) has been approved in terms of this section; or
 - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
 - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to:
 - (i) dispose of all or the greater part of its assets or undertaking;
 - (ii) amalgamate or merge with another company; or
 - (iii) implement a scheme of arrangement,the Panel has issued a compliance certificate in respect of the transaction, in terms of section 119 (4)(b), or exempted the transaction in terms of section 119(6).
2. A proposed transaction contemplated in subsection (1) must be approved:
 - (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company’s Memorandum of Incorporation, as contemplated in section 64(2); and
 - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company’s holding company, if any, if:
 - (i) the holding company is a company or an external company;
 - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
 - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
 - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
3. Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
 - (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
 - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).

4. For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
 - (a) required to be present or actually present, in determining whether the applicable quorum requirements are satisfied; or
 - (b) required to be voted in support of a resolution, or actually voted in support of the resolution.

4A In subsection (4), 'act in concert' has the meaning set out in section 117(1)(b).

5. If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company must either:
 - (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
 - (b) treat the resolution as a nullity.
6. On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
 - (a) is acting in good faith;
 - (b) appears prepared and able to sustain the proceedings; and
 - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
7. On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
 - (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
 - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Act, the Memorandum of Incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
8. The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
 - (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
 - (b) was present at the meeting and voted against that special resolution.
9. If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
 - (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
 - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
 - (c) the transfer of shares from one person to another;
 - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
 - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
 - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger."

“164: Dissenting shareholders appraisal rights

1. This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
2. If a company has given notice to shareholders of a meeting to consider adopting a resolution to:
 - (a) amend its Memorandum of Incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
 - (b) enter into a transaction contemplated in section 112, 113, or 114,that notice must include a statement informing shareholders of their rights under this section.
3. At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
4. Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
 - (a) gave the company a written notice of objection in terms of subsection (3); and
 - (b) has neither:
 - (i) withdrawn that notice; or
 - (ii) voted in support of the resolution.
5. A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
 - (a) the shareholder:
 - (i) sent the company a notice of objection, subject to subsection (6); and
 - (ii) in the case of an amendment to the company’s Memorandum of Incorporation, holds shares of a class that is materially and adversely affected by the amendment;
 - (b) the company has adopted the resolution contemplated in subsection (2); and
 - (c) the shareholder:
 - (i) voted against that resolution; and
 - (ii) has complied with all of the procedural requirements of this section.
6. The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
7. A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
 - (a) 20 business days after receiving a notice under subsection (4); or
 - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
8. A demand delivered in terms of subsections (5) to (7) must also be delivered to the Panel, and must state:
 - (a) the shareholder’s name and address;
 - (b) the number and class of shares in respect of which the shareholder seeks payment; and
 - (c) a demand for payment of the fair value of those shares.
9. A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
 - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);

- (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or
 - (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
10. If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
 11. Within five business days after the later of:
 - (a) the day on which the action approved by the resolution is effective;
 - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
 - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
 12. Every offer made under subsection (11):
 - (a) in respect of shares of the same class or series must be on the same terms; and
 - (b) lapses if it has not been accepted within 30 business days after it was made.
 13. If a shareholder accepts an offer made under subsection (12):
 - (a) the shareholder must either in the case of:
 - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
 - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
 - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
 - (i) tendered the share certificates; or
 - (ii) directed the transfer to the company of uncertificated shares.
 14. A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
 - (a) failed to make an offer under subsection (11); or
 - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
 15. On an application to the court under subsection (14):
 - (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
 - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
 - (c) the court:
 - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
 - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
 - (iii) in its discretion may:
 - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
 - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;

- (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
 - (v) must make an order requiring:
 - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and
 - (bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.
- 15A At any time until the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13(a); and
 - (b) the company must comply with the requirements of subsection 13(b).
16. The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
17. If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
 - (b) the court may make an order that:
 - (i) is just and equitable, having regard to the financial circumstances of the company; and
 - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
18. If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
19. For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
 - (b) the application by the company of the solvency and liquidity test set out in section 4.
20. Except to the extent:
- (a) expressly provided in this section; or
 - (b) that the Panel rules otherwise in a particular case,
- a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

DEALINGS IN SHARES BY THE IRREVOCABLE PARTIES

The definitions and interpretations commencing on page 9 of this Circular apply to this Annexure.

Dealings in Shares for the period commencing six months prior to the Offer Period and ending on the Last Practicable Date by the Irrevocable Parties, to the extent applicable, are as follows:

Date	Purchase/Sale	Volume bought	Volume sold	Purchase price (Rand)	Selling price (Rand)
Steyn Capital Management (Proprietary) Limited					
17/01/2011	Purchase	1 000	–	2.30	–
18/01/2011	Purchase	3 990	–	2.30	–
19/01/2011	Purchase	150 000	–	2.35	–
19/01/2011	Purchase	295 010	–	2.35	–
20/01/2011	Purchase	200 000	–	2.30	–
20/01/2011	Purchase	800 000	–	2.30	–
28/01/2011	Purchase	72 179	–	2.25	–
02/02/2011	Purchase	143 702	–	2.25	–
02/02/2011	Purchase	210 797	–	2.29	–
03/02/2011	Purchase	84 119	–	2.27	–
03/02/2011	Purchase	524 904	–	2.25	–
04/02/2011	Purchase	255 157	–	2.27	–
07/02/2011	Purchase	237 530	–	2.23	–
08/02/2011	Purchase	407 298	–	2.21	–
08/02/2011	Purchase	126 614	–	2.23	–
09/02/2011	Purchase	8 100	–	2.20	–
10/02/2011	Purchase	8 800	–	2.20	–
11/02/2011	Purchase	75 802	–	2.20	–
11/02/2011	Purchase	65 100	–	2.18	–
15/02/2011	Purchase	29 300	–	2.18	–
15/02/2011	Purchase	34 900	–	2.18	–
17/02/2011	Purchase	600	–	2.18	–
21/02/2011	Purchase	170 100	–	2.10	–
21/02/2011	Purchase	200 000	–	2.10	–
22/02/2011	Purchase	500 000	–	2.12	–
22/03/2011	Purchase	100 000	–	2.11	–
22/03/2011	Purchase	200 000	–	2.11	–
13/05/2011	Sale	–	177 630	–	0.45
13/05/2011	Sale	–	500 000	–	0.43
25/05/2011	Sale	–	24 340	–	0.40
27/05/2011	Purchase	80 000	–	0.36	–
30/05/2011	Sale	–	8 955	–	0.40
30/05/2011	Sale	–	25 660	–	0.40
10/06/2011	Purchase	68 270	–	0.46	–
13/06/2011	Purchase	15 000	–	0.46	–
14/06/2011	Purchase	5 000	–	0.46	–
15/06/2011	Purchase	9 858	–	0.46	–
27/07/2011	Sale	–	2 077 278	–	0.56
27/07/2011	Sale	–	3 776 868	–	0.56
28/07/2011	Purchase	110 000	–	0.53	–
01/08/2011	Purchase	1 500	–	0.53	–

Date	Purchase/Sale	Volume bought	Volume sold	Purchase price (Rand)	Selling price (Rand)
Steyn Capital Management (Proprietary) Limited (continued)					
03/08/2011	Purchase	2 200	–	0.53	–
04/08/2011	Purchase	80 000	–	0.53	–
05/08/2011	Purchase	8 000	–	0.53	–
08/08/2011	Purchase	137 100	–	0.53	–
11/08/2011	Purchase	185 450	–	0.53	–
12/08/2011	Purchase	44 819	–	0.53	–
Coronation Asset Management (Proprietary) Limited					
17/01/2011	Purchase and Sale	336 900	336 900	2.36	2.33
18/01/2011	Purchase and Sale	25 800	25 800	2.39	2.39
25/01/2011	Sale	–	1 600	–	2.28
31/01/2011	Purchase and Sale	9 800	9 800	2.29	2.29
02/02/2011	Purchase and Sale	135 616	98 700	2.29	2.27
03/02/2011	Purchase	4 800	–	2.26	–
04/02/2011	Purchase	3 900	–	2.30	–
07/02/2011	Purchase and Sale	27 600	27 600	2.25	2.25
10/02/2011	Purchase	20 719	–	2.20	–
11/02/2011	Sale	–	75 531	–	2.20
14/02/2011	Sale	–	17 900	–	2.20
15/02/2011	Purchase and Sale	57 760	57 760	2.19	2.19
16/02/2011	Purchase and Sale	20 719	20 719	2.18	2.18
17/02/2011	Sale	–	909	–	2.20
18/02/2011	Purchase and Sale	1 400	1 400	2.19	2.19
22/02/2011	Purchase and Sale	25 000	525 000	2.13	2.13
23/02/2011	Purchase and Sale	57 760	215 760	2.13	2.13
25/02/2011	Purchase and Sale	18 500	124 470	2.19	2.19
28/02/2011	Sale	–	45 000	–	2.18
01/03/2011	Sale	–	78 500	–	2.18
03/03/2011	Sale	–	35 787	–	2.18
04/03/2011	Purchase	141	–	2.18	–
08/03/2011	Sale	–	24 633	–	2.15
09/03/2011	Purchase and Sale	6 000	6 000	2.16	2.16
11/03/2011	Purchase and Sale	117 900	124 700	2.14	2.14
14/03/2011	Purchase	34 637	–	2.20	–
15/03/2011	Purchase and Sale	26 100	26 100	2.18	2.18
16/03/2011	Purchase and Sale	39 610	24 400	2.17	2.16
23/03/2011	Purchase	4 940	–	1.90	–
24/03/2011	Purchase and Sale	34 637	34 637	1.90	1.90
25/03/2011	Purchase	485 779	–	2.00	–
29/03/2011	Sale	–	1 100	–	2.10
31/03/2011	Purchase and Sale	500	1 300	2.07	2.06
05/04/2011	Purchase	53 696	–	2.12	–
06/04/2011	Purchase	62 904	–	2.10	–
07/04/2011	Purchase and Sale	100 000	100	2.10	2.07
08/04/2011	Purchase	74 596	–	2.10	–
11/04/2011	Purchase	21 604	–	2.07	–
12/04/2011	Purchase	12 554	–	2.09	–
13/04/2011	Purchase	395	–	2.09	–
14/04/2011	Purchase	10 070	–	2.08	–
15/04/2011	Purchase and Sale	16 100	1 600	2.10	2.10
18/04/2011	Purchase	82 433	–	2.06	–

Date	Purchase/Sale	Volume bought	Volume sold	Purchase price (Rand)	Selling price (Rand)
21/04/2011	Purchase and Sale	34 105	32 300	2.03	2.03
29/04/2011	Purchase and Sale	500	500	2.02	2.02
03/05/2011	Purchase and Sale	11 000	11 000	2.05	2.05
04/05/2011	Purchase	74 913	–	2.05	–
11/05/2011	Purchase and Sale	3 600	3 600	2.05	2.05
12/05/2011	Sale	–	100	–	2.00
16/05/2011	Purchase	1 200	–	0.40	–
17/05/2011	Purchase	7 800	–	0.39	–
19/05/2011	Sale	–	200	–	0.34
27/05/2011	Purchase and Sale	13 700	13 700	0.36	0.36
31/05/2011	Purchase and Sale	13 800	13 800	0.40	0.40
02/06/2011	Sale	–	1 200	–	0.40
08/06/2011	Purchase and Sale	400	1 100	0.50	0.49
09/06/2011	Sale	–	1 343 683	–	0.50
14/06/2011	Purchase and Sale	300	2 476 440	0.49	0.50
15/06/2011	Purchase and Sale	400	1 188 128	0.50	0.50
17/06/2011	Sale	–	100	–	0.48
20/06/2011	Purchase and Sale	1 300	201 302	0.50	0.50
21/06/2011	Sale	–	50 000	–	0.50
22/06/2011	Sale	–	2 202 700	–	0.50
23/06/2011	Sale	–	1 001 300	–	0.50
24/06/2011	Sale	–	68 521	–	0.50
27/06/2011	Sale	–	443 208	–	0.50
28/06/2011	Purchase and Sale	16 000	38 550	0.48	0.49
30/06/2011	Sale	–	4 000	–	0.50
01/07/2011	Sale	–	54 000	–	0.50
04/07/2011	Sale	–	48 789	–	0.50
05/07/2011	Sale	–	1 600 000	–	0.50
07/07/2011	Sale	–	169 402	–	0.53
08/07/2011	Purchase and Sale	300	300	0.48	0.48
12/07/2011	Sale	–	70 000	–	0.50
13/07/2011	Purchase and Sale	12 600	12 600	0.51	0.51
Oasis Funds					
01/08/2011	Purchase and Sale	1 868 636	1 868 636	0.54	0.54
P Michelson					
27/07/2011	Sale	–	9 304	–	0.55
08/08/2011	Acquisition of rights and obligations attached to Shares	750 000	–	2.00	–
K R Gray					
22/03/2011	Exercise of options	400 000	–	1.90	–
04/05/2011	Sale	–	6 913	–	2.05
05/05/2011	Sale	–	34 960	–	2.05
06/05/2011	Sale	–	181 627	–	2.05

Date	Purchase/Sale	Volume bought	Volume sold	Purchase price (Rand)	Selling price (Rand)
The Sparrow Trust					
08/08/2011	Acquisition of rights and obligations attached to Shares	900 000	–	2.00	–
The J D Bright Family Trust					
08/08/2011	Sale of the rights and obligations attached to Shares	–	3 050 000	–	2.00
J P Fortuin					
03/02/2011	Exercise of options in terms of the UCS Management Incentive Trust (Zero Cost Incentive Scheme)	34 500	–	Nil	–
8/08/2011	Acquisition of rights and obligations attached to Shares	300 000	–	2.00	–
TSS					
11/03/2011	Purchase	11 250	–	2.20	–

EXTRACT OF THE INTERIM RESULTS

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2011

	Reviewed 6 months 2011 R'000	Restated 6 months 2010 R'000	%	Restated 12 months 2010 R'000
			change	
CONTINUING OPERATIONS				
Revenue	190 604	170 109	12.0	327 848
Profit from operations before interest, amortisation, depreciation, foreign exchange differences, research and development expenditure and restructuring costs	21 046	29 080	(27.6)	43 741
Amortisation of intangible assets	(13 516)	(1 275)	960.1	(12 842)
Depreciation of property, plant and equipment (including rental equipment)	(10 205)	(8 605)	18.6	(17 705)
Foreign exchange differences	(1 801)	(4 399)	(59.1)	(5 278)
Profit on disposal of equity interest in a subsidiary company	–	–	–	176
Research and development expenditure	(3 197)	(2 818)	13.4	(6 222)
Restructuring costs	(17 375)	–	100.0	–
(Loss) profit before net finance charges and taxation	(25 048)	11 983	(309.0)	1 870
Net finance charges	(1 407)	(2 965)	(52.5)	1 355
Finance charges	(2 333)	(4 784)	(51.2)	(4 287)
Investment revenues	926	1 819	(49.1)	5 642
(Loss) profit before taxation	(26 455)	9 018	(393.4)	3 225
Taxation	(1 240)	(7 722)	(83.9)	(10 843)
Current	(1 470)	(6 101)	(75.9)	(10 307)
Deferred	230	(1 621)	(114.2)	(536)
(Loss) profit for the period from continuing operations	(27 695)	1 296	(2 237.0)	(7 618)
DISCONTINUED OPERATIONS				
Profit for the period from discontinued operations	40 179	23 428	71.5	57 225
Profit for the period	12 484	24 724	(49.5)	49 607
<i>Attributable to:</i>				
Owners of the Company	9 612	20 315	(52.7)	39 642
Non-controlling interest	2 872	4 409	(34.9)	9 965
	12 484	24 724	(49.5)	49 607
Earnings (loss) per share (cents)				
From continuing and discontinued operations				
Basic	3.3	7.1	(53.5)	13.9
Diluted	3.3	7.0	(52.9)	13.7

	Reviewed 6 months 2011 R'000	Restated 6 months 2010 R'000	% change	Restated 12 months 2010 R'000
From continuing operations				
Basic	(10.6)	(0.3)	3 433.3	(3.7)
Diluted	(10.6)	(0.3)	3 433.3	(3.6)
Dividends paid per share (cents)	5.0	5.0	–	9.0
Net asset value per share (cents)	168.4	167.6	0.5	170.3
Ordinary shares in issue net of treasury shares held ('000)	288 911	284 574	1.5	285 356
Weighted average number of ordinary shares in issue ('000)	287 129	284 486	0.9	284 653
Diluted weighted average number of ordinary shares ('000)	289 656	289 472	0.1	289 731
Additional information				
Headline earnings (loss) per share (cents)				
From continuing and discontinued operations				
Basic	3.4	7.1	(52.1)	16.2
Diluted	3.4	7.0	(51.4)	16.0
From continuing operations				
Basic	(10.6)	(0.3)	3 433.3	(7.5)
Diluted	(10.6)	(0.3)	3 433.3	(7.4)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2011

	Reviewed 6 months 2011 R'000	Reviewed 6 months 2010 R'000	% change	Audited 12 months 2010 R'000
Profit for the period	12 484	24 724	(49.5)	49 607
Other comprehensive income for the period after taxation:				
Exchange differences on translation of foreign operations	983	1 929	(49.0)	4 881
Other comprehensive income for the period after taxation	983	1 929	(49.0)	4 881
Total comprehensive income for the period	13 467	26 653	(49.5)	54 488
Total comprehensive income attributable to:				
Owners of the Company	10 595	22 244	(52.4)	44 523
Non-controlling interest	2 872	4 409	(34.9)	9 965
	13 467	26 653	(49.5)	54 488

CONDENSED SEGMENTAL ANALYSIS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2011

	Reviewed 6 months 2011 R'000	Restated 6 months 2010 R'000	%	Restated 12 months 2010 R'000
			change	
Revenue and results from continuing operations by reportable segment				
Revenue	190 604	170 109	12.0	327 848
Software	109 758	94 587	16.0	181 588
Investments	80 846	74 822	8.1	144 535
Corporate	–	700	(100.0)	1 725
Profit from operations before interest, amortisation, depreciation, foreign exchange differences and restructuring costs ("Normalised EBITDA")	17 849	26 262	(32.0)	37 519
Software	6 641	13 627	(51.3)	17 544
Investments	15 673	17 401	(9.9)	33 978
Corporate and consolidation adjustments	(4 465)	(4 766)	(6.3)	(14 003)
Profit before net finance charges, impairments, foreign exchange differences and taxation ("Normalised PBIT")	(5 872)	16 382	(135.8)	6 972
Software	(7 645)	11 371	(167.2)	3 651
Investments	6 730	10 212	(34.1)	18 241
Corporate and consolidation adjustments	(4 957)	(5 201)	(4.7)	(14 920)
Depreciation and amortisation	23 721	9 880	140.1	30 547
Software	14 286	2 256	533.2	13 893
Investments	8 943	7 189	24.4	15 737
Corporate and consolidation adjustments	492	435	13.1	917

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2011

	Reviewed 6 months 2011 R'000	Reviewed 6 months 2010 R'000	%	Audited 12 months 2010 R'000
			change	
Cash flows from operating activities	17 622	49 139	(64.1)	142 324
Cash generated from operations before working capital changes	67 451	97 137	(30.6)	172 425
Working capital changes	(26 955)	(27 916)	(3.4)	18 716
Cash generated from operating activities	40 496	69 221	(41.5)	191 141
Net finance cost	(1 383)	(3 517)	(60.7)	(6 036)
Taxation paid	(21 491)	(16 565)	29.7	(42 781)
Cash flows from investing activities	(28 216)	(11 385)	147.8	(78 173)
Cash flows from financing activities	(26 449)	(49 376)	(46.4)	(110 030)
Cash and cash equivalents				
– Net decrease	(37 043)	(11 622)		(45 879)
– Classified as held for sale	(62 303)	–		–
– At beginning of the period	131 885	177 764		177 764
At end of the period	32 539	166 142	(80.4)	131 885

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2011

	Reviewed 31/3/2011 R'000	Reviewed 31/3/2010 R'000	Audited 30/9/2010 R'000
ASSETS			
Non-current assets	252 709	496 269	563 314
Property, plant and equipment (including rental equipment)	43 029	87 636	86 413
Intangible assets	106 975	87 737	156 817
Goodwill	27 074	240 371	238 615
Investments and loans receivable	40 184	38 694	41 888
Finance lease receivables	12 147	10 887	6 645
Deferred taxation assets	23 300	30 944	32 936
Current assets	101 901	416 319	369 841
Inventories	6 841	44 549	47 249
Trade and other receivables	53 118	193 980	179 463
Finance lease receivables	4 017	2 951	3 998
Investments	–	5 000	–
Current taxation assets	5 386	3 697	7 246
Cash and cash equivalents	32 539	166 142	131 885
Assets classified as held for sale	584 111	–	–
Total assets	938 721	912 588	933 155
EQUITY AND LIABILITIES			
Capital and reserves	513 993	492 387	513 812
Issued capital	39 158	32 029	33 453
Reserves	17 883	18 701	18 356
Retained earnings	429 476	426 334	434 294
Equity attributable to owners of the Company	486 517	477 064	486 103
Non-controlling interest	27 476	15 323	27 709
Non-current liabilities	60 705	115 527	114 583
Borrowings	47 944	90 460	88 227
Deferred taxation liabilities	7 261	8 567	15 356
Deferred revenue	5 500	16 500	11 000
Current liabilities	127 168	304 674	304 760
Trade and other payables	87 026	218 247	230 144
Borrowings	20 810	71 070	50 670
Current taxation liabilities	172	4 357	6 390
Deferred revenue	19 160	11 000	17 556
Liabilities directly associated with assets classified as held for sale	236 855	–	–
Total equity and liabilities	938 721	912 588	933 155

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2011

	Ordinary share capital R'000	Preference share capital R'000	Share premium R'000	Treasury share reserve R'000	Equity- settled employee benefit reserve R'000
Balance at 1 October 2009	1 422	–	30 341	(1 928)	18 698
Profit for the period					
Other comprehensive income for the period					
Total comprehensive income for the period	–	–	–	–	–
Payment of dividends					
Net decrease in treasury shares held	1		265	74	
Increase in equity-settled employee benefits reserve					597
Decrease in non-controlling interest on disposal of subsidiary					
Decrease in non-controlling interest on increase of interest in subsidiary					
Balance at 31 March 2010	1 423	–	30 606	(1 854)	19 295
Profit for the period					
Other comprehensive income for the period					
Total comprehensive income for the period	–	–	–	–	–
Payment of dividends					
Fair value adjustments on treasury shares held				938	
Net decrease in treasury shares held	4		1 420	(2 475)	
Decrease in equity-settled employee benefits reserve					(179)
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 increase of interest in subsidiary					
Balance at 30 September 2010	1 427	–	32 026	(3 391)	19 116
Profit for the period					
Other comprehensive income for the period					
Total comprehensive income for the period	–	–	–	–	–
Payment of dividends					
Ordinary shares issued at a premium	2		610		
Fair value adjustments on treasury shares held				274	
Net decrease in treasury shares held	15		5 078	(1 337)	
Decrease in equity-settled employee benefits reserve					205
Decrease in non-controlling interest on increase of interest in subsidiary					
Balance at 31 March 2011	1 444	–	37 714	(4 454)	19 321

	Foreign currency translation reserve R'000	Change in Subsidiary share- holding reserve R'000	Retained earnings R'000	Attributable to owners of the Company R'000	Non- controlling interest R'000	Total equity R'000
Balance at 1 October 2009	1 204	(652)	420 217	469 302	28 337	497 639
Profit for the period			20 315	20 315	4 409	24 724
Other comprehensive income for the period	1 929			1 929		1 929
Total comprehensive income for the period	1 929	–	20 315	22 244	4 409	26 653
Payment of dividends			(14 198)	(14 198)	(4 791)	(18 989)
Net decrease in treasury shares held				340		340
Increase in equity-settled employee benefits reserve				597		597
Decrease in non-controlling interest on disposal of subsidiary		652		652	(14 505)	(13 853)
Decrease in non-controlling interest on increase of interest in subsidiary		(1 873)		(1 873)	1 873	–
Balance at 31 March 2010	3 133	(1 873)	426 334	477 064	15 323	492 387
Profit for the period			19 327	19 327	5 556	24 883
Other comprehensive income for the period	2 952			2 952		2 952
Total comprehensive income for the period	2 952	–	19 327	22 279	5 556	27 835
Payment of dividends			(11 367)	(11 367)	(2 808)	(14 175)
Fair value adjustments on treasury shares held				938		938
Net decrease in treasury shares held				(1 051)		(1 051)
Decrease in equity-settled employee benefits reserve				(179)		(179)
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)		(984)	3 234	2 250
Decrease in non-controlling interest on increase of interest in subsidiary		(597)		(597)		(597)
Balance at 30 September 2010	6 085	(3 454)	434 294	486 103	27 709	513 812
Profit for the period			9 612	9 612	2 872	12 484
Other comprehensive income for the period	983			983		983
Total comprehensive income for the period	983	–	9 612	10 595	2 872	13 467
Payment of dividends			(14 430)	(14 430)	(3 407)	(17 837)
Ordinary shares issued at a premium				612		612
Fair value adjustments on treasury shares held				274		274
Net decrease in treasury shares held				3 756		3 756
Decrease in equity-settled employee benefits reserve				205		205
Decrease in non-controlling interest on increase of interest in subsidiary		(598)		(598)	302	(296)
Balance at 31 March 2011	7 068	(4 052)	429 476	486 517	27 476	513 993

NOTES TO THE CONDENSED FINANCIAL INFORMATION FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2011

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 Standard Board (“IASB”) in issue and effective for the Group at 31 March 2011 and the AC500 Standards issued by the accounting practice board or its successor. The accounting policies are consistent with those applied in the financial statements for the year ended 30 September 2010.

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 2010 income statements have been restated to account for the Group’s disposal of all the sale shares in and claims held by UCS against certain of its subsidiaries to Business Connexion Group Limited under the provisions of IFRS5: Non-Current Assets Held for Sale and Discontinued Operations. The change has not impacted the comparative statements of financial position and has thus not been re-presented.

2. RECONCILIATION OF EARNINGS TO HEADLINE EARNINGS

	Reviewed 6 months 2011 R’000	Reviewed 6 months 2010 R’000	% change	Audited 12 months 2010 R’000
Earnings attributable to owners of the Company	9 612	20 315	(52.7)	39 642
Adjusted for (net of taxation and non-controlling interest):				
goodwill impairments				
– discontinued operations	–	–		10 402
Profit on disposal of division	–	–		(10 701)
Loss on disposal of equity in subsidiaries	–	50		7 155
Profit on disposal of property, plant and equipment	100	(172)		(249)
Basic headline earnings	9 712	20 193	(51.9)	46 249

3. RECONCILIATION OF EARNINGS TO HEADLINE EARNINGS – CONTINUING OPERATIONS

	Reviewed 6 months 2011 R’000	Restated 6 months 2010 R’000	% change	Reviewed 12 months 2010 R’000
Earnings attributable to owners of the Company	(30 567)	(760)	3 922.0	(10 436)
Adjusted for (net of taxation and non-controlling interest):				
Profit on disposal of division	–	–		(10 701)
Profit on disposal of equity in subsidiaries	–	–		(312)
Profit on disposal of property, plant and equipment	–	(134)		57
Basic headline earnings	(30 567)	(894)	3 319.1	(21 392)

	Continuing operations R'000	Discontinued operations R'000	Total R'000	
4. RECONCILIATION OF DISCONTINUED OPERATIONS				
March 2011 – Reviewed				
Revenue	190 604	513 862	704 466	
Normalised EBITDA	17 849	86 550	104 399	
(Loss) profit for the year	(27 695)	40 179	12 484	
March 2010 – Restated				
Revenue	170 109	473 845	643 954	
Normalised EBITDA	26 262	65 984	92 246	
Profit for the year	1 296	23 428	24 724	
September 2010 – Restated				
Revenue	327 848	1 012 527	1 340 375	
Normalised EBITDA	37 519	144 486	182 005	
(Loss) profit for the year	(7 618)	57 225	49 607	
	Reviewed 6 months 2011 R'000	Reviewed 6 months 2010 R'000	% change	Audited 12 months 2010 R'000
5. BORROWINGS				
Interest-bearing borrowings	59 675	152 413	(60.8)	129 139
Non-interest-bearing borrowings	9 079	9 117	(0.4)	9 758
	68 754	161 530	(57.4)	138 897
6. CAPITAL EXPENDITURE				
Tangible assets	37 219	27 643	34.6	50 135
Intangible assets	7 217	17 396	(58.5)	104 952
	44 436	45 039	(1.3)	155 087
	Reviewed 6 months 2011 R'000	Restated 6 months 2010 R'000	% change	Restated 12 months 2010 R'000
7. COMMITMENTS				
Capital	22 287	36 589	(39.1)	47 290
Operating leases	46 784	103 080	(54.6)	38 383
8. OPERATING LEASE CHARGES				
Premises	7 519	6 682	12.5	14 452
Office equipment	673	221	204.5	404
Vehicles	13	–	100.0	–
	8 205	6 903	18.9	14 856

9. REVIEW REPORT

These results have been reviewed by independent external auditors, Deloitte & Touche, and their unmodified review report is available for inspection at the Company's registered office. The review was performed in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

COMMENTARY

Results for the six months to 31 March 2011 reflect the assets sold to Business Connexion Group Limited ("BCX") as discontinued operations and prior year figures have been restated to reflect this. Trading results for the six months under review were overall largely in line with expectations, both for continuing operations as well as the assets sold to BCX with effect from 11th May 2011.

The discontinued operations (the five assets sold to BCX) showed strong growth, particularly in terms of margin improvements. Excluding the unprofitable Philadelphia based UCS Solutions Inc., which was disposed of in August 2010, the combined businesses recorded an 11.3% increase in revenues from R461.6 million to R513.9 million and 23.7% increase in EBITDA from R70 million to R86.6 million.

Continuing operations recorded a 12% increase in revenues from R170.1 million to R190.6 million but EBITDA declined by some 27.6% from R29.1 million to R21.0 million, largely due the impact of the unprofitable Argility and Cquential operations acquired during the second half of the 2010 financial year. Restructuring costs associated with the required head count reduction in the enlarged Argility business amounted to R17.4 million. At an operational level, good progress was made in both the software as well as the investment divisions and further details are provided in the divisional reviews below.

Overall, combining the discontinued and continuing operations, the Group showed revenue growth of 9.4% from R644 million to R704.5 million, with normalised EBITDA showing growth of 13.2% from R92.2 million to R104.4 million.

DIVISIONAL REVIEW

Discontinued Operations

The businesses sold to BCX performed well for the period irrespective of the continued tough trading conditions with the major improvement coming from UCS Solutions, which delivered an anticipated solid performance. All the businesses continued to gain market share and are continuously innovating with service delivery.

Investment Division

The investment division enjoyed two successes in the six-month period under review. wiWallet signed a three-year agreement with MXit whereby MXit will utilise wiWallet technology to launch a full transaction engine within the MXit application that enables MXit users to complete a range of mobile payment transactions. Innervation Value Added Services went live on the first phase integrated value added services platform for in-store retail within a tier-1 retail client. These two achievements bode well for the VAS units on an aggregated basis moving towards a net cash generative position by the end of the financial year.

However, from a financial perspective for the period under review, the impact of the consolidation of the Group's investment in wiWallet for the full period (two months in the prior comparable period), together with the planned additional investment in Mobiliti and the ramp-up in capacity within Innervation (the go-to market VAS vehicle) has resulted in margin deterioration for the division.

Overall the division realised an 8.1% revenue growth from R74.8 million to R80.8 million of which R3.3 million was acquisitive and it saw EBITDA decrease from R17.4 million to R15.7 million.

Software Division

Much work was done in reorganising and streamlining the new enlarged Argility business, including the closing of our UK sales office, as well as a voluntary severance offering accepted by 48 employees which reduced permanent headcount from 229 in October 2010 to 188 by the end of April 2011. The costs of the voluntary severance offering amounted to some R17.4 million, but will result in a reduction of monthly overhead costs of approximately R2 million. Management believes that this will position the enlarged Argility business to be cash-flow positive on a monthly basis by the end of the current year.

In addition, progress has been made with the development of the new Retail Operations Platform ("ROP") product line in Argility, including the launch of a unique "collaboration" offer for retailers with urgent project requirements. This offer provides participating retailers the potential to recoup up to 100% of their software project-development costs through a revenue share in future licence sales.

On the international front, Aquitec has also adopted the use of Cordys technologies within its product offerings and is busy with initial customer sales.

Cquential continues to implement new customers on its SaaS model and has made significant progress towards the target of achieving profitability by the end of this financial year.

Overall, the division recorded results much in line with expectations. Revenue showed a 16% increase from R94.6 million to R109.8 million whilst normalised EBITDA declined by 51.3% from R13.6 million to R6.6 million primarily as a result of the inclusion of the Argility and Cquential acquisitions for the full six months.

FINANCIAL REVIEW

As a consequence of the conclusion of an agreement between UCS and BCX in terms of which UCS disposed of its shares in and claims against certain of its subsidiaries to BCX and which transaction became effective on 11 May 2011, the prior six-month period ended 31 March 2010 and 12-month period ended 30 September 2010 have been restated to exclude the operating results of the disposed operations of Accsys (Pty) Ltd ("Accsys"), CEB Maintenance Africa (Pty) Ltd ("CEB Maintenance"), Destiny Electronic Commerce (Pty) Ltd ("Destiny E-Commerce"), UCS Solutions (Pty) Ltd ("UCS Solutions") and UCS Technology Services (Pty) Ltd ("UCS Technology Services"). The earnings results of the aforementioned operations as well as UCS Solutions Inc. disposed of in August 2010 are included, net of tax, as 'profit from discontinued operations' in the income statement in the comparable periods.

The Group's total revenues grew by 9.4% to R704.5 million (2010: R644 million) of which 7.7% represents organic growth.

On a continuing basis, revenues grew by 12% to R190.6 million (2010 restated: R170.1 million). Excluding the acquisitions concluded in the second six months of 2010, namely Argility (Pty) Ltd, Cquential Solutions (Pty) Ltd and Volume and Affinity Risk Management (Pty) Ltd, organic revenues grew by 5.5%.

Annuity revenues grew by 24.7% to R105.5 million (2010 restated: R85 million), representing 55.4% of total revenues (2010 restated: 50%).

Profit from operations before interest, depreciation, amortisation, foreign exchange differences and restructuring costs ("Normalised EBITDA") decreased by 32% to R17.8 million (2010 restated: R26.2 million), representing a margin of 9.3% (2010 restated: 15.4%).

As previously mentioned, the restructuring costs incurred relate to the voluntary retrenchment offer implemented by Argility in the first quarter. The total settlement provision in respect of the retrenchment amounts to R17.4 million.

The Argility and Cquential acquisitions in the prior year represented significant Intellectual Property and Software investments on the Group's statement of financial position, which resulted in the 960.1% growth in amortisation in the period.

Finance charges, net of interest and investment revenues, decreased by 52.5% to R1.4 million (2010 restated: R3.0 million) and is attributable to the decreased borrowings in the Group as a consequence of debt repayments in line with repayment terms.

After the above, the Group incurred a loss before taxation of R26.5 million (2010 restated: profit R9 million).

Taxation charges (including capital gains tax, STC and withholding taxes) decreased by 83.9% to R1.2 million (2010 restated: R7.7 million) with the reduction attributable to the incurring of tax losses, which, in terms of IFRS, the Group is not able to account for deferred taxation assets at this time. The prior period charge also includes a once-off R3.4 million charge related to the redemption of a preference share investment in a subsidiary company.

Profit for the period from discontinued operations, which comprises in the current period the companies referred to above disposed of to BCX with effect from 11 May 2011, increased by 71.5%. On a comparable basis, excluding UCS Solutions Inc. in the prior period and the costs associated with the BCX transaction in the current period, discontinued operations delivered 62.4% growth in profit after tax for the period from R27.4 million to R44.5 million.

After taking into account the profit from discontinued operations, the profit attributable to UCS shareholders of R9.6 million, after minority interests, represents a decrease of 52.7% from the comparable prior period.

Earnings per share, including discontinued operations in the current and prior years, decreased by 53.5% to 3.3 cents (2010: 7.1 cents) whilst continuing operations incurred a loss per share of 10.6 cents down from 0.3 cents (restated) loss per share in the prior period on a comparable basis. There are no material reconciling items between earnings and headline earnings per share.

The reclassification in the current period of the assets and liabilities associated with the subsidiary companies sold to BCX separately, as assets and liabilities held for sale on the statement of financial position, account for the material movements in the Group's statement of financial position when compared with 30 September 2010.

Discontinued operations represent R66.2 million or 47.7% of the Group's borrowings as at 30 September 2010 comprising financial institution debt which balance as at 31 March 2011, is classified as held for sale. On a continuing basis, total borrowings amount to R68.8 million of which R41.4 million represents external financial institution debt. The non-bank debt component is substantially represented by profit warranty obligations payable on the achievement of pre-defined targets in 2013. Net debt (total borrowings net of cash) at the end of the period amounts to R36.2 million.

The Group's normalised current ratio, on a continuing basis, is an acceptable 1.4:1 compared with 0.8:1 as presented on the statement of financial position. The normalised adjustments relate to R52.8 million due from the businesses sold to BCX (R7.9 million of which was received post balance sheet date and the balance representing the face value of the sale claim in Destiny Electronic Commerce, payable by BCX as part of the VeriFone transaction referred to in the post balance sheet note below) as well as the exclusion of the R19.2 million deferred revenue liability which does not have an associated cash effect.

The cash generated by operations before working capital changes, including discontinued operations, reduced by 30.6% to R67.5 million (2010: R97.1 million). The reduction is attributable to the unprofitable Argility and Cquential operations and continued net operating costs in certain business units forming part of the Group's Value Added Services initiative.

The Group's working capital lock-up improved marginally compared with the prior period whilst capex remained consistent with the previous period's expenditure. Cash flows from investing activities in the prior period includes the receipt of the upfront cash consideration on the disposal of TSSMS reported on previously.

Total staff compliment at the end of March 2011, for continuing operations, was 579 (Sep 2010 restated: 597).

POST BALANCE SHEET EVENTS

1. On 15 December 2010, UCS announced that BCX and UCS had entered into a sale of shares and claims agreement, as amended, ("the Agreement"), in terms of which UCS would, subject to the fulfillment and/or waiver of certain conditions precedent, dispose of all the shares owned by UCS in Accsys, CEB Maintenance, Destiny E-Commerce, UCS Solutions and UCS Technology Services (collectively "the Disposal Entities") together with all claims held by UCS against the Disposal Entities, save for the claims against Destiny E-Commerce, to BCX ("the Disposal"). The purchase consideration pertaining to the Disposal was up to R614 320 488 ("the Purchase Consideration") and would be settled by a combination of new BCG shares ("Consideration shares") and cash. UCS would subsequently unbundle the consideration shares received from BCX ("the Unbundling").

Following the approval by UCS and BCX shareholders at general meetings held on 31 March 2011 and the fulfillment of all other conditions precedent on 29 April 2011, the Disposal became effective on 11 May 2011 ("the Effective Date"), being the business day preceding the last day to trade for the Unbundling.

The Unbundling of the consideration shares to UCS shareholders recorded in the share register of UCS on the 20 May 2011, took place on 23 May 2011.

2. On 24 May 2011 BCX, VeriFone Singapore PTE Limited ("VeriFone") and the management shareholders in Destiny E-Commerce entered into a sale and purchase agreement in terms of which, *inter alia*, BCX will, subject to the fulfillment of certain suspensive conditions, dispose of its 70% shareholding in and all claims held by it against Destiny E-Commerce, to VeriFone ("the Disposal"). In terms of the agreement between UCS and BCX ("the Agreement") and as disclosed in the circular to UCS shareholders dated 9 March 2011, should a sale of one of the Disposal Entities be implemented at any time during the period

commencing on the Effective Date and ending 12 months thereafter ("the Potential Sale"), UCS shall be entitled, at its election in writing, to 70% of the net proceeds of such Potential Sale which is in excess of R144 000 000, realised and actually received by BCX, up to R100 000 000 and, thereafter, 100% of the balance of such net proceeds exceeding the aforesaid R100 000 000 threshold. Furthermore, in terms of the Agreement, BCX agreed to acquire the claims held by UCS against Destiny E-Commerce ("Destiny E-Commerce Sale Claims") from UCS for an amount equal to the face value thereof, being R44 896 337.

Accordingly, in accordance with the provisions of the Agreement, UCS has exercised its election to share in the proceeds of the Disposal, and based on the total consideration to be received by BCX for the Disposal, being an amount of R255 000 000, UCS will be entitled to receive an amount of R26 554 684 of the net proceeds (after taking into account the settlement by BCX of the Destiny E-Commerce Sale Claims) if the Disposal is implemented.

3. Following the successful disposal of the majority of the business operations of UCS to BCX, as more fully described above, and thereafter the unbundling of the BCG Consideration Shares received pursuant to the disposal, the board of directors of UCS ("the Board") has considered the viability of continuing the listing of UCS on the JSE. Accordingly, shareholders are referred to the further cautionary announcement released simultaneously with this announcement.

CONTINGENT LIABILITY

As disclosed in the Group's 2010 Annual Report, a claim for repudiation of contract and damages against a subsidiary company remains unresolved.

PROSPECTS

Conditions in global financial markets continue to be of concern in terms of stability and predictability. Management, therefore, remains cautious in terms of forecasting future trading conditions.

Given that the Group has disposed of the bulk of its profitable services offerings, the focus going forward is largely on the growth of the software and VAS offerings. Overhead reductions carried out in the first half of the year in the Software division are expected to contribute positively to the future financial performance of the Software division, whilst existing growth opportunities in the VAS business unit should continue to fuel above inflation growth in the Investment division.

The Board have reviewed the requirements of the business going forward and concluded that it is no longer appropriate to retain a listing on the JSE. We therefore draw your attention to a separate announcement released simultaneously with this results announcement.

The information contained in this prospects paragraph has not been reviewed or reported on by the Group's auditors.

DIVIDEND

In accordance with the Group's current dividend policy, based on the continued operations performance for the six month period, the Board has not proposed a dividend for the period.

D F Coles
(Chairman)

J D Bright
(Chief Executive Officer)

30 May 2011

UCS GROUP LIMITED OVERVIEW – continuing operations

SOFTWARE DIVISION

Argility (100%)

Argility (Proprietary) Limited (“Argility”) is a software solutions company that provides merchandising and point-of-sale solutions to world class retailers. Argility designs, develops, sells, integrates, supports and maintains both customised as well as packaged retail software.

Aquitec (100%)

Aquitec is a provider of supply chain solutions to retailers and distributors. Aquitec, the original pioneer of warehouse management systems in 1969, provides solutions which encompass procurement, forecasting, warehouse management and voice direction. Aquitec has operations in Bagshot, UK and Chicago, USA.

Cquential Solutions (59%)

Cquential Solutions (Proprietary) Limited (“Cquential”) commenced business in 2005 when it initiated the development of its technologically leading edge Warehouse Management System (“WMS”), which is deployed as a hosted web application. The web-based WMS makes it possible for clients to have stock control and visibility across their entire organisation and further extends control and visibility into the inbound and outbound portions of the supply chain. Cquential offers a full suite of services, from hosting and support to training, solution implementation and consulting.

INVESTMENTS DIVISION

GAAP Point-of-Sale (61%)

GAAP Point-of-Sale (Proprietary) Limited (“GAAP”) specialises in the provision of point-of-sale and back office solutions in the sit-down and “quick-service” restaurant sector of the South African hospitality industry.

Ultisales Retail Software (100%)

Ultisales Retail Software (Proprietary) Limited (“Ultisales”) specialises in marketing and distributing ‘off the shelf’ point-of-sale and retail management software for small to medium sized retailers in the Tier 3 and 4 sectors. The Ultisales product is taken to market and supported by an extensive network of value added resellers.

Innervation Value Added Services (100%)

Innervation Value Added Services (Proprietary) Limited (“Innervation”) focuses on the provision of networking, hosting and switching services, through the Destiny Switch, including the management of the Innervation VAS products and VAS partners and the provision of solution architecture and integration consulting services.

This company also specialises in corporate strategic loyalty programme consulting and, following the investment in the Radical Business Unit in the 2010 financial year, provides the technology platform for loyalty and CRM management.

wiWallet Mobile Payments (51%)

wiWallet Mobile Payments (Proprietary) Limited (“wiWallet”) offer mobile payment technology, including a mobile payment platform and mobile payment application enabling users to pay for products using their mobile devices.

Volume and Affinity Risk Management (51%)

Volume and Affinity Risk Management (Proprietary) Limited (“V&A Risk”) is the provider of insurance products and administration and management leveraging brand affinity.

Fernridge Consulting (51%)

Fernridge Consulting (Proprietary) Limited (“Fernridge”) assists retailers with the identification of new opportunities for stores, consultancy on rationalisation, relocation, market share, competitor analysis, customer analysis, site evaluations and viability studies for new developments.

4Life Program (51%)

4Life Program (Proprietary) Limited is a multi-vendor lifestage reward and loyalty programme connecting individuals who are experiencing similar life stages and events with relevant advice, products and services, benefits and rewards.

Universal Knowledge Software (76%)

Universal Knowledge Software (Proprietary) Limited ("UKS") is a leading supplier of integrated library management systems and associated technical and support services to the library industry of South Africa and neighbouring states. The company holds the Southern African distribution rights for a leading international library software product called SIRSI.

UCS Dynamics Software Solutions (70%)

UCS Dynamics Software Solutions (Proprietary) Limited is a Microsoft Gold Certified Partner that specialises in providing integrated business solutions using the Microsoft Dynamics™ ERP suite of applications. Services include analysis, design, customisation, implementation, training and support.

EXTRACTS OF THE PUBLISHED CONSOLIDATED AUDITED RESULTS OF 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 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				

	Ordinary share capital R'000	Preference share capital R'000	Share premium R'000	Treasury share reserve R'000
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				938
Fair value adjustments on treasury shares held				(2 401)
Net decrease in treasury shares held	5		1 685	
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)
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

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	Audited 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
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.

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, totalling 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
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
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 capital 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	% change
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)

	Reviewed 2008 R'000	Audited 2007 R'000	% change
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)

	Reviewed 2008 R'000	Audited 2007 R'000	% change
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 2008
Company Secretary
Corporate Governance CC



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

The definitions and interpretations commencing on page 9 of the Circular, to which this notice of General Meeting is attached apply, to this notice of General Meeting.

NOTICE IS HEREBY GIVEN that the General Meeting of Shareholders will be held at 10:00 on Thursday, 22 September 2011, at the registered office of the Company at 20th Floor, 209 Smit Street, Braamfontein, Johannesburg to consider and, if deemed fit, pass, with or without modification, the special and ordinary resolutions set out below:

SPECIAL RESOLUTION NUMBER 1

Approval for the Company to re-acquire Shares in terms of section 48(8) of the Companies Act and paragraph 5.67(B) of the Listings Requirements

"RESOLVED THAT, subject to and conditional upon the passing of Special Resolution Number 2 and Ordinary Resolution Number 1, save to the extent that such resolutions are conditional on the passing of this resolution, the Company be and is hereby authorised, in accordance with section 48(8), of the Companies Act and paragraph 5.67(B) of the Listings Requirements to re-acquire more than 5% of the Shares at a price of 55 cents per Share, which re-acquisition may include Shares owned by a Director or prescribed officer of the Company, or a person related to a Director or prescribed officer of the Company."

The percentage of voting rights that will be required for this special resolution to be adopted is 75% of the votes exercised on the resolution.

SPECIAL RESOLUTION NUMBER 2

Approval in terms of section 115(2)(a) of the Companies Act for the implementation of a scheme of arrangement between the Company and Shareholders

"RESOLVED THAT, subject to and conditional upon the passing of Special Resolution Number 1 and Ordinary Resolution Number 1, save to the extent that such resolutions are conditional on the passing of this resolution, the Scheme of Arrangement proposed by the Board between the Company and Shareholders in terms of which:

- (a) as contemplated by section 114(1)(e) of the Companies Act, the Company:
- (i) re-acquires, at a price of 55 cents per Share, those Shares which a Scheme Participant has validly elected to dispose of to the Company in the manner set out in the "Action Required by Shareholders" section of the Circular;
 - (ii) will not re-acquire those Shares which a Scheme Participant has validly elected not to dispose of to the Company in the manner set out in the "Action Required by Shareholders" section of the Circular; and
- (b) as contemplated by section 114(1)(c) of the Companies Act, at a price of 55 cents per Share, the Company will re-acquire at a price of 55 cents per share and by way of expropriation, all the Shares held by those Scheme Participants who fail to, or do not validly, elect to dispose of some or all of their Shares to the Company or who fail to, or do not validly, elect to retain some or all of their Shares in the Company in the manner set out in the "Action Required by Shareholders" section of the Circular;"

be and is hereby approved in accordance with section 115(2) of the Companies Act.

The percentage of voting rights that will be required for this special resolution to be adopted is 75% of the votes exercised on the resolution.

SPECIAL RESOLUTION NUMBER 3

Approval for the name change from UCS Group Limited to Capital Eye Investments Limited

“RESOLVED THAT, in accordance with section 16(1)(c) of the Companies Act, the Company’s MOI be and is hereby amended to give effect to the change of the Company’s name from UCS Group Limited to Capital Eye Investments Limited.”

The percentage of voting rights that will be required for this special resolution to be adopted is 75% of the votes exercised on the resolution.

SPECIAL RESOLUTION NUMBER 4

Financial assistance in terms of section 45 of the Companies Act

“RESOLVED THAT, in accordance with section 45 of the Companies Act, the Board be and is hereby authorised, by way of a general authority to, at any time and from time to time during the period of two years commencing on the date of this special resolution, provide any direct or indirect financial assistance (as contemplated in section 45(1) of the Companies Act) in any form or amount to any company which is related or inter-related to the Company (from time to time and for the time being), as defined in the Companies Act, on such terms and conditions as the Board may determine.”

Explanatory note in respect of Special Resolution Number 4

Special Resolution Number 4 is required in order to authorise financial assistance by the Company to other Group companies. In terms of section 45 of the Companies Act the Directors of the Company may not authorise the Company to provide financial assistance by way of loans, guarantees, the provision of security or otherwise, to any company which is related or inter-related to UCS i.e. its subsidiaries, unless such financial assistance is pursuant to a special resolution of Shareholders. This special resolution does not authorise the provision of financial assistance to a Director or prescribed officer of the Company.

In terms of the treasury management function and policies of the Group, UCS is required, from time to time, to provide financial assistance to other entities within the Group to ensure that these entities maintain appropriate liquidity levels.

The authorisation of any such financial assistance will be and remain subject thereto that the Board is satisfied that immediately after granting the financial assistance, the Company will satisfy the solvency and liquidity test set out in the Companies Act and that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company.

In accordance with section 45(5) of the Companies Act, the Board hereby gives notice to its Shareholders of the fact that it passed a resolution authorising the Company to provide financial assistance to certain related and/or inter-related companies which Board resolution will take effect on the passing of Special Resolution Number 4 set out above.

The percentage of voting rights that will be required for this special resolution to be adopted is 75% of the votes exercised on the resolution.

SPECIAL RESOLUTION NUMBER 5

Remuneration of Directors for their services as directors

“RESOLVED THAT the Board be and is hereby authorised, in terms of and subject to the provisions of section 66 of the Companies Act, to authorise the Company to pay remuneration to its Directors for their services as directors as set out below:

	Chairman (Rand)	Other Directors/ members (Rand)
Board and strategy meetings:		
Fee per meeting attended	33 920	25 440
Audit committee:		
Fee per meeting attended	25 440	19 690
Remuneration committee:		
Fee per meeting attended	21 200	8 480”

Explanatory note in respect of Special Resolution Number 5

Special Resolution Number 5 is required in terms of section 66 of the Companies Act, which provides that remuneration payable to directors of a company in respect of their services as directors must be approved by special resolution of shareholders.

The percentage of voting rights that will be required for this special resolution to be adopted is 75% of the votes exercised on the resolution.

ORDINARY RESOLUTION NUMBER 1

Approval for the Delisting in terms of paragraph 1.14(a) of the Listings Requirements

“RESOLVED THAT, subject to, and conditional upon the passing of Special Resolution Number 1 and Special Resolution Number 2, save to the extent that such resolutions are conditional on the passing of this resolution and the implementation of the Scheme in accordance with its terms, the listing of all Shares on the exchange operated by the JSE be terminated with effect from Tuesday, 25 October 2011 or such other date as the JSE may determine.”

The percentage of voting rights that will be required for this ordinary resolution to be adopted is more than 50% of the votes exercised on the resolution excluding any Controlling Shareholder, its associates and any party acting in concert, and any other party which the JSE deems appropriate.

The quorum requirement for the Resolutions to be adopted is sufficient persons being present to exercise in aggregate, at least 25% of all voting rights that are entitled to be exercised on a resolution.

NOTES TO THE NOTICE OF GENERAL MEETING

Record date

The record date in terms of section 59 of the Companies Act for Shareholders to be recorded on the Shareholders' register of the Company in order to be able to attend, participate and vote at the General Meeting is Friday, 16 September 2011. Accordingly, the last day to trade in order to be eligible to vote at the General Meeting is Friday, 9 September 2011.

Electronic Participation

Should any Shareholder (or any proxy for a Shareholder) wish to participate in the General Meeting by way of electronic participation, that Shareholder should make application in writing (including details as to how the Shareholder or its representative (including its proxy) can be contacted) to so participate to the Transfer Secretary at its address below, to be received by the Transfer Secretary at least five Business Days prior to the General Meeting in order for the Transfer Secretary to arrange for the Shareholder (or its representative or proxy) to provide reasonably satisfactory identification to the Transfer Secretary for the purposes of section 63(1) of the Companies Act and for the Transfer Secretary to provide the Shareholder (or its representative) with details as to how to access any electronic participation to be provided. The Company reserves the right to elect not to provide for electronic participation at the General Meeting in the event that it determines that it is not practical to do so. The costs of accessing any means of electronic participation provided by the Company will be borne by the Shareholder so accessing the electronic participation.

Voting and Proxies

Shareholders are reminded that:

- a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the General Meeting in the place of the Shareholder, and Shareholders are referred to the attached Form of Proxy (*white*);
- a proxy need not also be a Shareholder of the Company;
- in terms of section 63(1) of the Companies Act, any person attending or participating in a meeting of Shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as Shareholder or as proxy for a Shareholder) has been reasonably verified.

For the convenience of Certificated Shareholders and Dematerialised Shareholders with “own-name” registration, a Form of Proxy (*white*) is attached hereto. Duly completed Forms of Proxy (*white*) must be lodged with the Transfer Secretary at either of the below addresses 48 hours before the commencement of

the General Meeting (or any adjournment of the General Meeting) or handed to the Chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting), provided that should a Shareholder lodge a Form of Proxy (*white*) with the Transfer Secretary at either of the below addresses less than 48 hours before the General Meeting, such Shareholder will also be required to furnish a copy of such Form of Proxy (*white*) to the Chairman of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).

Dematerialised Shareholders without "own-name" registration who wish to attend the General Meeting in person should request their CSDP or Broker to provide them with the necessary letter of representation in terms of their custody agreement with their CSDP or Broker. Dematerialised Shareholders without "own-name" registration who do not wish to attend but wish to be represented at the General Meeting must advise their CSDP or Broker of their voting instructions. Dematerialised Shareholders without "own-name" registration should contact their CSDP or Broker with regard to the cut-off time for their voting instructions.

APPRAISAL RIGHTS FOR DISSENTING SHAREHOLDERS

In terms of section 164 of the Companies Act, at any time before the Resolutions as set out in this notice of General Meeting are voted on, a Dissenting Shareholder may give the Company a written notice objecting to Special Resolution Number 2.

Within ten Business Days after the Company has adopted Special Resolution Number 2, the Company must send a notice that the Resolutions have been adopted to each Shareholder who:

- gave the Company a written notice of objection as contemplated above; and
- has neither withdrawn that notice nor voted in support of the Special Resolution Number 2.

A Shareholder may demand that the Company pay the Shareholder the fair value for all of the Shares of the Company held by that person if:

- the Shareholder has sent the Company a notice of objection;
- the Company has adopted Special Resolution Number 2; and
- the Shareholder voted against the Special Resolution Number 2 and has complied with all of the procedural requirements of section 164 of the Companies Act.

A copy of section 164 of the Companies Act is set out in Annexure 6 to this Circular.

Hand deliveries to:

Link Market Services South Africa
(Proprietary) Limited
13th Floor
19 Ameshoff Street
Braamfontein
Johannesburg, 2001
South Africa

Postal deliveries to:

Link Market Services South Africa
(Proprietary) Limited
PO Box 4844
Johannesburg, 2000

By order of the Board

Duncan Coles

Chairman

John Bright

Chief Executive Officer

Monday, 22 August 2011

Registered office

28th Floor
209 Smit Street
Braamfontein
Johannesburg, 2001
(PO Box 31266, Braamfontein, 2017)



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 by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration only

The definitions and interpretations commencing on page 9 of this Circular to which this Form of Proxy is attached apply to this Form of Proxy.

For use by Certificated Shareholders and Dematerialised Shareholders with "own-name" registration who are registered as Shareholders on the register on the Scheme Voting Record Date. For use by Shareholders at the General Meeting, to be held at the Company's registered office, 20th Floor, 209 Smit Street, Braamfontein, Johannesburg at 10:00 on Thursday, 22 September 2011 or any adjourned or postponed meeting.

If you are a Dematerialised Shareholder without "own-name" registration you must **not** complete this Form of Proxy but must instruct your CSDP or Broker as to how you wish to vote. This must be done in terms of the custody agreement between you and your CSDP or Broker.

PLEASE READ THE NOTES OVERLEAF.

I/We (Please PRINT names in full)

of (address)

being the holder(s) of Certificated Shares or Dematerialised Shares with "own-name" registration, do hereby appoint (see notes 1 and 2):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairman of the General Meeting, as my/our proxy to attend, speak and vote on my/our behalf at the General Meeting (or any adjournment thereof).

I/We desire to vote as follows (see note 2):

	For	Against	Abstain
Special Resolution Number 1 – Authorisation of the re-acquisition of Shares by the Company in accordance with section 48(8) of the Companies Act and section 5.67(B) of the Listings Requirements			
Special Resolution Number 2 – Approval of the Scheme in accordance with section 115(2) of the Companies Act			
Special Resolution Number 3 – Approval for the name change from UCS Group Limited to Capital Eye Investments Limited			
Special Resolution Number 4 – Authorisation for financial assistance by the Company in terms of section 45 of the Companies Act			
Special Resolution Number 5 – Remuneration of Directors for their services as directors			
Ordinary Resolution Number 1 – Approval for the termination of the listing of the Shares on the exchange operated by the JSE in terms of paragraph 1.14(a) of the Listings Requirements			

* One vote per Share held by a Shareholder

Signed at _____ on _____ 2011

Signature _____

Capacity of signatory (where applicable) _____

Note: Authority of signatory to be attached – see notes 8 and 9.

Assisted by me (where applicable) _____

Full name _____

Capacity _____

Signature _____

SUMMARY OF RIGHTS CONTAINED IN SECTION 58 OF THE COMPANIES ACT

In terms of section 58 of the Companies Act:

- a shareholder of a company may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such shareholder;
- a proxy may delegate her or his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing such proxy (see note 15);
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant shareholder chooses to act directly and in person in the exercise of any of such shareholder's rights as a shareholder (see note 5);
- any appointment by a shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the relevant company;
- a proxy appointed by a shareholder is entitled to exercise, or abstain from exercising, any voting right of such shareholder without direction, except to the extent that the relevant company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 3); and
- if the instrument appointing a proxy or proxies has been delivered by a shareholder to a company, then, for so long as that appointment remains in effect, any notice that is required in terms of the Companies Act or such company's memorandum of incorporation to be delivered to a shareholder must be delivered by such company to:
 - the relevant shareholder; or
 - the proxy or proxies, if the relevant shareholder has: (i) directed such company to do so, in writing and (ii) paid any reasonable fee charged by such company for doing so.

Notes:

1. Each Shareholder is entitled to appoint one (or more) proxies (none of whom need be a member of UCS) to attend, speak and vote in place of that Shareholder at the General Meeting.
2. A Shareholder 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 Chairman of the General Meeting" but the Shareholder must initial any such deletion. The person whose name stands 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.
3. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the Shareholders in the appropriate box provided. Failure to comply with the above will be deemed to authorise and direct the Chairman of the General Meeting, if the Chairman is the authorised proxy, to vote in favour of the Scheme, the Delisting, the Name Change, the authorisation for financial assistance by the Company and the approval for the remuneration of Directors for their services as directors or any other proxy to vote or abstain from voting at the General Meeting as he/she deems fit, in respect of all the Shareholder's votes exercisable at the General Meeting.
4. Completed Forms of Proxy and the authority (if any) under which they are signed must be lodged with or posted to the Transfer Secretary at Link Market Services South Africa (Proprietary) Limited, 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa (PO Box 4844, Johannesburg, 2000) to be received 48 hours before the commencement of the General Meeting (or any adjournment of the General Meeting) or handed to the Chairman of the General Meeting before the appointed proxy exercises any of the relevant Shareholder's rights at the General Meeting (or any adjournment of the General Meeting) provided that, should a Shareholder lodge a Form of Proxy with the Transfer Secretary at either of the above addresses less than 48 hours before the General Meeting, such Shareholder will also be required to furnish a copy of such Form of Proxy to the Chairman of the General Meeting before the appointed proxy exercises any of such Shareholder's rights at the General Meeting (or any adjournment of the General Meeting).
5. 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, should such Shareholder wish to do so.
6. The Chairman of the General Meeting may accept or reject any Form of Proxy not completed and/or received in accordance with these notes or with the MOI.
7. Any alteration or correction made to this Form of Proxy must be initialled by the signatory/ies.
8. Documentary evidence establishing the authority of a person signing this Form of Proxy in a representative capacity (e.g. for a company, close corporation, trust, pension fund deceased estate, etc.) must be attached to this Form of Proxy, unless previously recorded by UCS or the Transfer Secretary.
9. Where this Form of Proxy is signed under power of attorney, such power of attorney must accompany this Form of Proxy, unless it has been registered by UCS or the Transfer Secretary or waived by the Chairman of the General Meeting.
10. Where Shares are held jointly, all joint holders are required to sign this Form of Proxy.
11. A minor Shareholder must be assisted by his/her parent/guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by UCS or the Transfer Secretary.
12. Dematerialised Shareholders who do not own Shares in "own-name" Dematerialised form and who wish to attend the General Meeting, or to vote by way of proxy, must contact their CSDP or Broker who will furnish them with the necessary letter of representation to attend the General Meeting or to be represented thereat by proxy. This must be done in terms of the custody agreement between the Shareholder and his/her CSDP or Broker.
13. This Form of Proxy shall be valid at any resumption of an adjourned General Meeting to which it relates, although this Form of Proxy shall not be used at the resumption of an adjourned General Meeting if it could not have been used at the General Meeting from which it was adjourned for any reason other than it was not lodged timeously for the General Meeting from which the adjournment took place. This Form of Proxy shall, in addition to the authority conferred by the Companies Act except insofar as it provides otherwise, be deemed to confer the power generally to act at the General Meeting in question, subject to any specific direction contained in this Form of Proxy as to the manner of voting.
14. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the death or mental disorder of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notification in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Transfer Secretary before the commencement of the General Meeting or adjourned General Meeting at which the proxy is used.
15. Any proxy appointed pursuant to this Form of Proxy may not delegate his/her authority to act on behalf of the relevant Shareholder.
16. In terms of section 58 of the Companies Act, unless revoked, an appointment of a proxy pursuant to this Form of Proxy remains valid only until the end of the General Meeting or any adjournment of the General Meeting.



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 ELECTION, SURRENDER AND TRANSFER

for use by Certificated Shareholders only who wish to make the Continuation Election and/or the Exit Election in respect of some of all of their Shares and those who fall under the Default Position

The definitions and interpretations commencing on page 9 of this Circular to which this Form of Election is attached apply to this Form of Election.

Important:

- Shareholders who do not complete and deliver the Form of Election timeously or who do not make a valid election to retain and/or dispose of some or all of their Shares by making the Continuation Election and/or the Exit Election respectively, will be deemed to fall under the Default Position and the Company will re-acquire all their Shares for the Scheme Consideration pursuant to the Scheme. Details of the Scheme are contained in the Circular to which this Form of Election is attached.**
- This Form of Election should be read in conjunction with the Circular.**
- Please read the instructions below. Non-compliance with the instructions may result in the rejection of this Form of Election and you may be deemed to fall under the Default Position.**
- Forms of Election will be rejected if they are not received by the Transfer Secretary at the addresses below on or before 12:00 on the Scheme Consideration Record Date, which date is expected to be Friday, 21 October 2011.**

Instructions:

- Part A must be completed by all Certificated Shareholders.
- Part B must be completed by all Certificated Shareholders who wish to make the Continuation Election in respect of some or all of their Shares.
- Part C must be completed by Certificated Shareholders who wish to make the Exit Election in respect of some or all of their Shares.
- Please note that both Part B and Part C must be completed in the event that a Certificated Shareholder wishes to make the Continuation Election in respect of only some of its Shares and the Exit Election in respect of its remaining Shares.
- Part D must be completed by Shareholders who have made the Exit Election in respect of some or all of their Shares and who wish to have the Scheme Consideration paid to them by EFT. If Part D is left blank or filled incorrectly, the Scheme Consideration will be paid by cheque and posted by ordinary mail at the risk of the Shareholder concerned, to the address provided below or, failing which, to the registered address of the Certificated Shareholder concerned.
- Part E must be completed by Shareholders who have made the Exit Election in respect of all or some of their Shares and who are emigrants from, or non-residents of, the Common Monetary Area.
- If you are in any doubt as to how to complete this Form of Election, please consult your CSDP, Broker, banker, attorney, accountant or other professional advisor immediately.
- A separate Form of Election is required to be completed by each Certificated Shareholder.

To:

The Transfer Secretary

By Hand:

Link Market Services South Africa (Proprietary) Limited
13th Floor
19 Ameshoff Street
Braamfontein, 2001

By post:

Link Market Services South Africa (Proprietary) Limited
PO Box 4844
Johannesburg, 2000

PART A: TO BE COMPLETED BY ALL CERTIFICATED SHAREHOLDERS

All Certificated Shareholders must please complete Part A and deliver this Form of Election together with the Documents of Title in respect of their Shares to the Transfer Secretary at any of the above addresses by no later than 12:00 on the Scheme Consideration Record Date.

Should the Scheme not become operative, any Documents of Title surrendered to and held by the Transfer Secretary will be returned to Certificated Shareholders, at their own risk, by registered post, to the address set out below or, if no address is provided below, to the Shareholder's registered address, provided that if the Name Change is approved, the surrendered Documents of Title will be replaced with new Documents of Title evidencing the Name Change and posted to the Shareholder by way of registered post, at the risk of the Shareholder concerned, to the address set out below or, if no address is provided below, to the Shareholder's registered address.

I/We hereby surrender the enclosed Documents of Title in respect of the Certificated Shares held by me:

PART C – EXIT ELECTION

Shareholders who wish to make the Exit Election in respect of all or some of their Shares and/or who wish to make the Continuation Election in respect of some but not all of their Shares, must complete Part C.

I/We, the undersigned, hereby elect to make the Exit Election in respect of certain Shares held by me/us, the number and details of which are indicated below and hereby dispose of and tender such Shares to UCS upon the terms of and pursuant to the Scheme, details of which are contained in this Circular.

My/Our signature(s) on this Form of Election constitutes my/our execution of an instrument of transfer in respect of the Shares in respect of which I/we have made the Exit Election and I/we hereby irrevocably appoint UCS, with the full power of substitution, as my agent to sign all such document(s) and do all such things on my behalf as may be necessary or expedient to give effect to the disposal and transfer of the under mentioned Shares to UCS.

Name of registered holder (separate form for each holder)	Share certificate number(s) and or details of Documents of Title	Number of Shares covered by each certificate enclosed and/or Documents of Title	Number of Shares in respect of which you wish to make the Exit Election (i.e. the number of Shares you wish to dispose of to UCS and in respect of which you will receive the Scheme Consideration)
		Total	

Signed at _____ on _____ 2011

Signature _____

Assisted by (where applicable) _____

PART D: EFT PAYMENT INSTRUCTION

Part D must be completed by Shareholders who have made the Exit Election in respect of all or some of their Shares and who wish to receive the Scheme Consideration by way of EFT. Shareholders who are emigrants from or not resident in the Common Monetary must complete Part E instead of Part D.

I/We, hereby instruct you to pay the Scheme Consideration payable to me pursuant to the Scheme into the following bank account:

Bank:	
Branch:	
Branch number:	
Account name:	
Account number:	
SWIFT address:	

Signed at _____ on _____ 2011

Duly authorised signature _____

Signatory assisted by (if applicable) _____

PART E: EMIGRANTS FROM AND NON-RESIDENTS OF THE COMMON MONETARY AREA

Part E must be completed by Shareholders who are emigrants from or not resident in the Common Monetary Area and who have made the Exit Election in respect of all or some of their Shares.

1. Shareholders who are emigrants from the Common Monetary Area

The Scheme Consideration will be forwarded to the authorised dealer nominated below for its control and credited to the emigrant's blocked Rand account. Accordingly, Shareholders who are emigrants from the Common Monetary Area and who have made the Exit Election must give the following information:

Name and address of authorised dealer in South Africa:

Bank name:	
Bank address:	
Branch:	
Branch number:	
Account name:	
Account number:	

2. All other non-resident Shareholders

The Scheme Consideration will be forwarded to the authorised dealer nominated below or paid directly into the non-resident's foreign bank account. Accordingly, Shareholders who are non-residents of the Common Monetary Area and have made the Exit Election must give the following information:

Name and address of authorised dealer in South Africa:

Bank name:	
Bank address:	
Branch:	
Branch number:	
Account name:	
Account number:	

The Scheme Consideration will be posted to the registered address of the non-resident concerned, unless written instructions to the contrary are received and a substitute address provided below:

Substitute address

3. If point 1 of Part E is not completed or incorrectly filled, the Scheme Consideration payable to emigrants will be held in trust by UCS (or any third-party nominated by it for this purpose) for the benefit of the relevant Shareholder for a maximum period of three years from the Operative Date, after which period such funds shall be made over to the Guardians fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by UCS.

Notes:

1. Emigrants from the Common Monetary Area must complete points 1 and 3 of Part E.
2. All other non-residents of the Common Monetary Area must complete point 2 of Part E if they wish the Scheme Consideration to be sent to an address other than their address in the register.
3. If Part E is not properly completed, the Scheme Consideration (in the case of emigrants) will be held in trust by UCS (or any third party nominated by it for this purpose) for the benefit of the relevant Certificated Shareholder, pending receipt of the necessary nomination or instruction, for a maximum period of three years from the Operative Date, after which period such funds shall be made over to the Guardian's fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by UCS.
4. The Scheme Consideration will not be sent or paid to a Scheme Consideration Participant that holds Certificated Shares unless and until this Form of Election has been properly completed by such Certificated Shareholder and delivered, together with the Documents of Title in respect of the relevant Shares, to the Transfer Secretary. In the event that any Shareholder who holds Certificated Shares fails to surrender their Documents of Title and completed Forms of Election to the Transfer Secretary then, unless otherwise agreed between UCS and the Shareholders concerned, the relevant Scheme Consideration will be held in trust by UCS (or any third party nominated by it for this purpose) for the benefit of the Shareholder concerned for a maximum period of three years, after which period such funds shall be made over to the Guardian's fund of the High Court. For the avoidance of doubt, no interest will accrue on any such funds held by UCS.
5. If a Certificated Shareholder produces evidence to the satisfaction of UCS that Documents of Title in respect of Shares have been lost or destroyed, UCS may waive the surrender of such Documents of Title against delivery of a duly executed indemnity in a form and on terms and conditions approved by UCS, or may in its discretion waive such indemnity.
6. If this Form of Election is not signed by the Certificated Shareholder, the Certificated Shareholder will be deemed to have irrevocably appointed the company secretary of UCS to implement that Shareholder's obligations under the Scheme on his/her behalf.
7. Persons who have acquired Shares after the date of posting of this Circular to which this form is attached, can obtain copies of the Form of Election and this Circular from Link Market Services South Africa (Proprietary) Limited, whose address is 13th Floor, 19 Ameshoff Street, Braamfontein, Johannesburg, 2001, South Africa (PO Box 4844, Johannesburg, 2000).
8. No receipts will be issued for documents lodged, unless specifically requested. In compliance with the Listings Requirements, lodging agents are requested to prepare special transaction receipts. Signatories may be called upon for evidence of their authority or capacity to sign this form.
9. Any alteration to this form must be signed in full and should not be merely initialed.
10. If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting (unless it has already been noted by UCS or the Transfer Secretary).
11. Where the Certificated Shareholder is a company or a close corporation, unless it has already been registered with UCS or the Transfer Secretary, a certified copy of the directors' or members' resolution authorising the signing of this form must be submitted if so requested by UCS.
12. Note 7 above does not apply in the event of this form bearing the stamp of a broking member of the JSE.
13. Where Shares are held jointly, all joint holders are required to sign. Any joint holder may vote at the General Meeting in respect of his/her joint shares as if he/she was solely entitled thereto, but if more than one such joint holders are present or represented at the General Meeting, the one whose name stands first in the register in respect of such Shares or his/her proxy, as the case may be, is alone entitled to vote in respect thereof.

