

SOFTWARE
SOLUTIONS AND SERVICES

Revenue growth
+43%

Annuity revenue growth
+48%

EBITDA growth
+64%

HEPS growth
+52%

Cash generated from operations growth
+52%

Income statement for the period ended 31 March 2006

	Reviewed 6 months 31/3/2006 R'000	Restated 6 months 31/3/2005 R'000	% change	Restated 12 months 30/9/2005 R'000
Revenue	355 596	249 063	42,8	516 722
Profit from operations before interest, depreciation, amortisation and research and development	63 023	43 105	46,2	92 418
Research and development expenditure	(10 209)	(10 877)	(6,1)	(19 185)
Depreciation and amortisation	(20 907)	(17 219)	21,4	(34 940)
Profit before interest and taxation	31 907	15 009	112,6	38 293
Interest received	528	886	(40,4)	1 704
Interest paid	(3 813)	(867)	339,8	(2 717)
Profit before taxation	28 622	15 028	90,5	37 280
Taxation	(6 729)	(2 200)	205,9	(2 977)
Profit for the period	21 893	12 828	70,7	34 303
Attributable to: Equity holders of the parent	21 074	12 543	68,0	33 482
Minority interest	819	285	187,4	821
Earnings per share (cents)				
Basic	8,7	5,3	64,2	14,0
Diluted	8,0	4,7	70,2	12,7
Dividends paid per share (cents)	3,0	2,3	30,4	4,3
Net asset value per share (cents)	97,8	86,0	13,7	92,6
Ordinary shares in issue ('000)	244 939	239 627	2,2	241 857
Weighted average number of ordinary shares in issue	242 192	239 540	1,1	239 975
Diluted number of ordinary shares ('000)	263 102	265 354	(0,8)	263 109
Headline earnings per share (cents)				
Basic	8,2	5,4	51,9	14,0
Diluted	7,5	4,8	56,3	12,7

Balance sheet at 31 March 2006

	Reviewed 31/3/2006 R'000	Restated 31/3/2005 R'000	Restated 30/9/2005 R'000
ASSETS			
Non-current assets	252 792	197 736	218 213
Property, plant and equipment	50 354	45 917	52 193
Intangible assets	80 474	54 843	65 634
Goodwill	97 338	74 139	74 139
Investments and loans receivable	7 674	5 734	6 926
Deferred tax assets	16 952	17 103	19 321
Current assets	172 583	122 478	134 478
Inventory	19 991	8 367	9 196
Trade and other receivables	116 313	81 477	83 297
Taxation	683	805	879
Cash and cash equivalents	35 596	31 829	41 106
Total assets	425 375	320 214	352 691
EQUITY AND LIABILITIES			
Capital and reserves	241 782	207 116	225 347
Equity attributable to equity holders of the parent	239 622	206 138	223 953
Minority interest	2 160	978	1 394
Non-current liabilities	42 442	29 736	24 639
Long- and medium-term loans	31 550	11 155	9 902
Revenue received in advance	10 892	18 581	14 737
Current liabilities	141 151	83 362	102 705
Trade and other payables	103 654	59 939	87 530
Current portion of long-term loans	24 306	5 391	4 915
Revenue received in advance	10 149	12 123	8 784
Taxation	3 042	455	1 476
Bank overdraft	-	5 454	-
Total equity and liabilities	425 375	320 214	352 691

Cash flow statement for the period ended 31 March 2006

	Reviewed 6 months 31/3/2006 R'000	Restated 6 months 31/3/2005 R'000	% change	Restated 12 months 30/9/2005 R'000
Cash flow from operating activities	19 334	(5 252)		47 097
Cash generated from operations	50 269	33 035	52,2	75 251
Working capital changes	(15 643)	(28 944)		(10 654)
Cash generated from operating activities	34 626	4 091	746,4	64 597
Investment income and net finance cost	(2 215)	19		(1 013)
Dividend paid	(7 489)	(5 626)		(10 588)
Taxation	(5 588)	(3 736)		(5 899)
Cash applied to investing activities	(45 956)	(30 679)	49,8	(67 425)
Cash received from financing activities	21 112	11 291	87,0	10 419
Cash and cash equivalents	(5 510)	(24 640)		(9 909)
- Net decrease				
- At beginning of the year	41 106	51 015		51 015
- At end of period	35 596	26 375	35,0	41 106

Segmental analysis for the period ended 31 March 2006

	Reviewed 6 months 31/3/2006 R'000	Restated 6 months 31/3/2005 R'000	% change	Restated 12 months 30/9/2005 R'000
Revenue	355 596	249 063	42,8	516 722
Software	163 418	146 263	11,7	289 930
Solutions & Services	192 178	102 800	86,9	226 792
Profit from operations before interest and depreciation and amortisation	52 814	32 228	63,9	73 233
Software	19 810	13 784	43,7	33 419
Solutions & Services	35 414	20 187	75,4	44 107
Corporate and eliminations	(2 410)	(1 743)		(4 293)
Profit before interest and taxation	31 907	15 009	112,6	38 293
Software	8 680	5 352	62,2	16 265
Solutions & Services	26 205	11 752	123,0	27 027
Corporate and eliminations	(2 978)	(2 095)		(4 999)

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

Statement of changes in equity for the period ended 31 March 2006

	Share capital R'000	Preference share capital R'000	Share premium R'000	Share-based payments reserve R'000	Foreign currency translation reserve R'000	Accumulated profit R'000	Attributable to equity holders of the parent R'000	Minority interest R'000	Total equity R'000
Balance at 1 October 2004 as previously reported	1 197	40	61 876	-	-	134 948	198 061	810	198 871
Net IFRS adjustment to equity				4 248		(4 465)	(217)		(217)
IFRS 2 Share-based payments opening balance				4 248		(4 248)	-		-
IAS 38 Intangible assets opening balance adjustment				-		(217)	(217)		(217)
Balance at 1 October 2004 as restated	1 197	40	61 876	4 248	-	130 483	197 844	810	198 654
Ordinary shares issued at a premium	1		104				105		105
Net profit for the period as restated				1 106		12 543	13 649	285	13 934
Net profit for the period as previously reported						11 393	11 393	285	11 678
IFRS 2 Share-based payments transition adjustment				1 106		(1 106)	-		-
IFRS 3 adjustment processed at 2005 financial year-end						1 985	1 985		1 985
IAS 38 Intangible assets transition adjustment						271	271		271
Exchange differences arising on translation of foreign entity					49		49		49
Dividend paid						(5 509)	(5 509)	(117)	(5 626)
Balance at 31 March 2005 as restated	1 198	40	61 980	5 354	49	137 517	206 138	978	207 116
Ordinary shares issued at a premium	7		891				898		898
Preference shares converted to ordinary shares	4	(4)					-		-
Preference shares repurchased			(1)	(40)			(41)		(41)
Net profit for the period as restated				705		20 939	21 644	536	22 180
Net profit for the period as previously reported						21 372	21 372	536	21 908
IFRS 2 Share-based payments transition adjustment				705		(705)	-		-
IAS 38 Intangible assets transition adjustment						272	272		272
Exchange differences arising on translation of foreign entity					156		156		156
Dividend paid						(4 842)	(4 842)	(120)	(4 962)
Balance at 30 September 2005 as restated	1 209	35	62 831	6 059	205	153 614	223 953	1 394	225 347
Ordinary shares issued at a premium	10		1 209				1 219		1 219
Preference shares converted to ordinary shares	6	(6)					-		-
Preference shares repurchased			(2)	(57)			(59)		(59)
Increase in share-based payments reserve				731			731		731
Net profit for the period						21 074	21 074	819	21 893
Exchange differences arising on translation of foreign entity					39		39		39
Dividend paid						(7 335)	(7 335)	(154)	(7 489)
Minority acquired share of equity in subsidiary							-	101	101
Balance at 31 March 2006	1 225	27	63 983	6 790	244	167 353	239 622	2 160	241 782

Notes to the financial statements for the period ended 31 March 2006
I BASIS OF PREPARATION

With effect from 1 October 2004 ("the transition date"), the Group has adopted International Financial Reporting Standards ("IFRS") making use of certain exemptions provided for under IFRS 1 (First time adoption of IFRS). These interim results are prepared in accordance with IAS 34 (Interim Financial Reporting), the listing requirements of the JSE Limited and Schedule 4 of South African Companies Act, 1973.

The adoption of these new and revised standards and interpretations has resulted in changes to the Group's accounting policies in the following areas that have affected the amounts reported for the current and/or prior years:

- share-based payments (IFRS 2)
- business combinations (IFRS 3)
- intangible assets (IAS 38)

The Group also assessed the requirements of IAS 16 (property, plant and equipment) in terms of considering the useful lives and the residual values of property, plant and equipment when calculating the depreciation charge. The historical impact of this assessment was found to be immaterial and no retrospective adjustment has been passed in this regard. The Group will reassess the residual values and useful lives of the assets at each balance sheet date to determine whether there is any requirement for the residual values and depreciation charge to be adjusted at that stage.

Share-based payments

The fair value, as calculated in accordance with IFRS 2, of share options and incentive preference shares granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and expensed over the period during which the employees are required to provide services in order to receive the equity instruments (ie the vesting period). The Group has elected not to apply the provisions of IFRS 2 to share-based awards granted either on or before 7 November 2002 or that had vested by 1 January 2005 (the effective date of IFRS 2).

Business combinations

The Group has elected not to apply the requirements of IFRS 3 retrospectively to acquisitions prior to the transition date. As a result the goodwill, net of amortisation, at the transition date becomes the carrying value of the goodwill thereafter.

Intangible assets

IAS 38 requires that the useful life of intangible assets be reassessed at each balance sheet date. Under SA GAAP the useful life of an intangible asset was determined on recognition of these assets and amortised accordingly. The Group historically amortised intangible assets, excluding goodwill, over a fixed 10-year period.

Reconciliation of changes in basis of preparation

	Previously reported 2005 R'000	IFRS adjustments 2005 R'000	Other adjustments(*) 2005 R'000	Restated 2005 R'000
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Balance sheet reconciliation

As at 31 March 2005	Previously reported 2005 R'000	IFRS adjustments 2005 R'000	Other adjustments(*) 2005 R'000	Restated 2005 R'000
Shareholders' interest	204 147	54	1 937	206 138
Deferred tax assets	16 988	(69)	184	17 103
Property, plant & equipment	52 117	(6 200)	-	45 917
Intangible assets	45 709	6 323	2 811	54 843
Trade and other payables	58 880	-	1 059	59 939

As at 30 September 2005

	Previously reported 2005 R'000	IFRS adjustments 2005 R'000	Other adjustments(*) 2005 R'000	Restated 2005 R'000
Shareholders' interest	223 627	326	-	223 953
Deferred tax assets	19 459	(138)	-	19 321
Property, plant & equipment	58 423	(6 230)	-	52 193
Intangible assets	58 940	6 694	-	65 634

(*) The other adjustments relates to goodwill amortisation as well as the treatment of an operating lease on a straight-line basis. The Group adjusted for this in the financial year ended 30 September 2005 but had not taken the adjustments into account at the time of releasing the interim results in May 2005.

2 RECONCILIATION OF EARNINGS PER SHARE TO HEADLINE EARNINGS PER SHARE

	Reviewed 6 months 31/3/2006 Cents	Restated 6 months 31/3/2005 Cents	% change	Restated 12 months 30/9/2005 Cents
Basic earnings per share	8,7	5,3	64,2	14,0
Adjusted for:				
- permanent diminution in proceeds from sale of business	0,3	-	-	-
- profit on sale of interest in business	(0,7)	-	-	-
- profit on disposal of property, plant & equipment	(0,1)	0,1	-	-
Basic headline earnings per share	8,2	5,4	51,9	14,0

Commentary
OPERATIONAL OVERVIEW

The results for the six-month period under review represent a solid performance by the Group. Most of the operating business units within the Software division as well as the Solutions and Services division have achieved or exceeded first-half profit targets.

Software Division

Overall the division showed an improvement in operating margin on the back of organic growth of 11,7%. CKS's successes in the Building Supplies sector compensated for tough trading conditions in the Pharmacy sector. GAAP showed solid growth of 39,5% in turnover while UCS Software is well positioned with new products improving their competitive positioning.

Solutions and Services Division

The Solutions Division's results reflect positive trade and growth in each of the divisions and also the incorporation of CEB Maintenance from 1 October 2005. This translated into revenue growth of 86,9% and EBITDA growth of 75,4%.

A number of material contracts have been entered into across this division and key projects are on track. The recently announced transaction with Tactical Software Services (Pty) Ltd will result in further critical mass for this division and delivers a good black empowerment equity status for the bulk of the Solutions Division.

FINANCIAL OVERVIEW

Total revenue grew by 43% to R356 million (2005: R249 million), with organic growth amounting to 22%. The Group continues to focus on growth. Annuity revenues increased by a pleasing 48% to R235 million (2005: R159 million), representing 66% of total revenues (2005: 64%).

Research and Development (R&D)